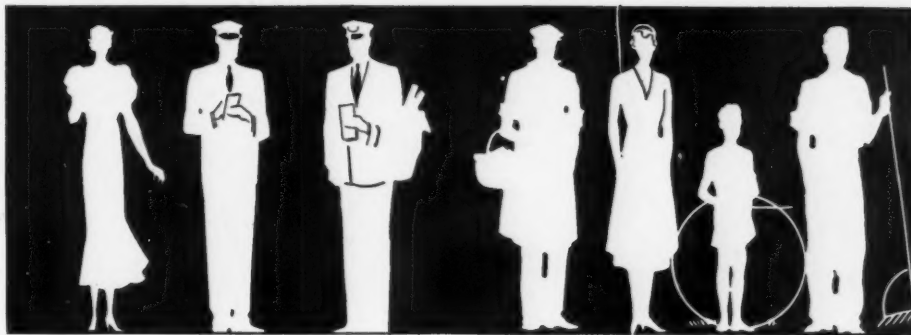


# *The* **NATIONAL UNDERWRITER**



## **EVERY ONE A POSSIBLE CLAIMANT**

**H**UNDREDS of people visit the homes of your clients. Service men, salesmen and many others who have a legitimate reason for calling more or less regularly.

Every visit is a potential possibility of liability to the home owner. If one of these visitors falls down steps, is struck by some falling object, trips over a rug or is in any other accident around the home, your client might be forced to pay expenses. Also he might be sued and have a judgment rendered against him, which in the eyes of the law is necessary to compensate for the injury.

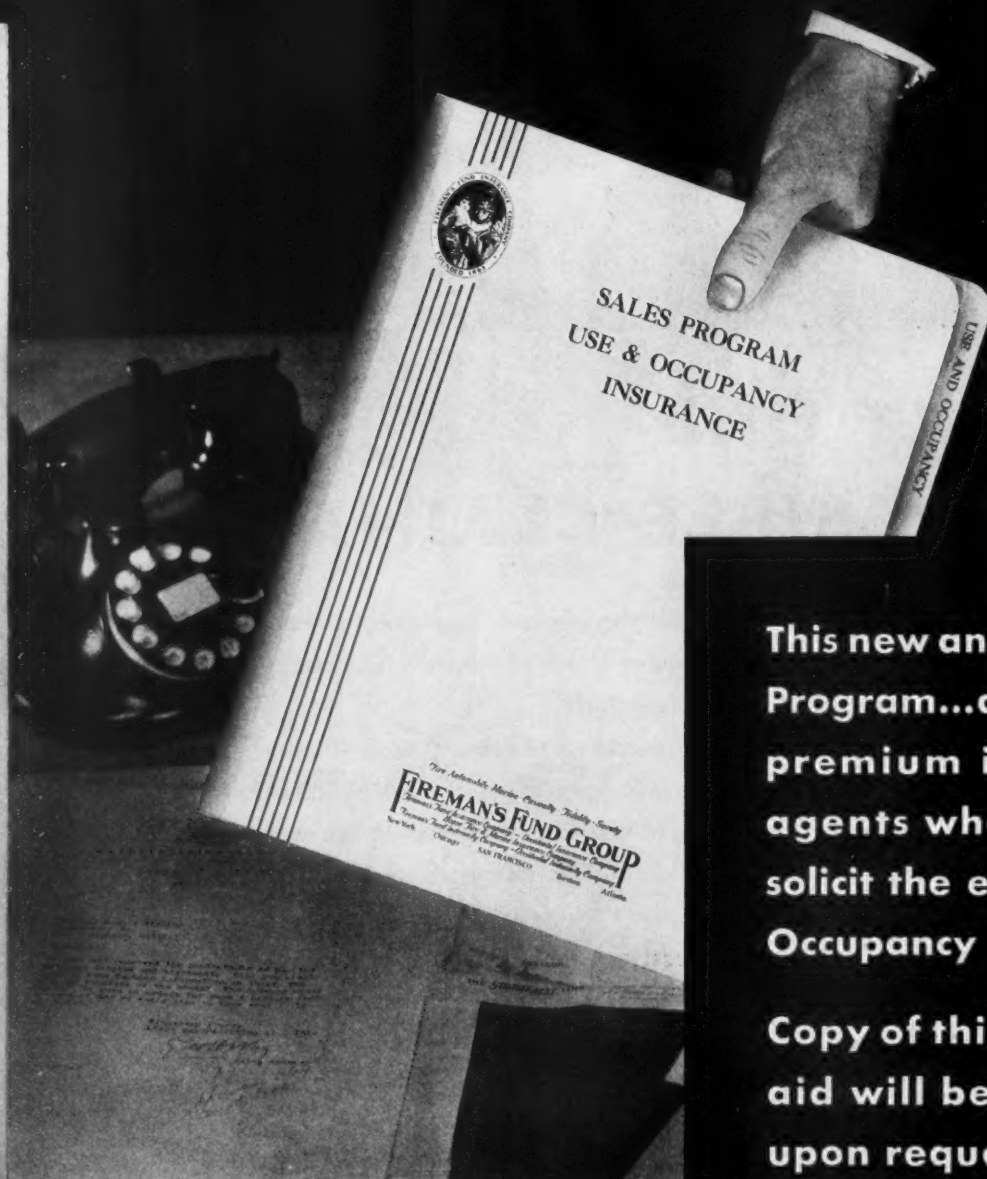
A Travelers Residence Liability policy will protect your clients against such claimants. In many cases it is well to include Employers Liability and servants compensation coverage.

The cost of this insurance protection is very reasonable. It is easy to solicit and gives your clients the assurance that you have provided them with a very sensible form of protection.

## **T H E T R A V E L E R S**

The Travelers Insurance Company  
The Travelers Indemnity Company  
The Travelers Fire Insurance Company  
The Charter Oak Fire Insurance Company  
Hartford, Connecticut

# *Another* timely Sales Help



**This new and complete Sales Program...and an increased premium income...await agents who will earnestly solicit the essential Use and Occupancy "Time Out" lines.**

**Copy of this helpful selling aid will be sent to agents upon request.**

*Fire · Automobile · Marine · Casualty · Fidelity · Surety*

## **FIREMAN'S FUND GROUP**

*Fireman's Fund Insurance Company — Occidental Insurance Company  
Home Fire & Marine Insurance Company  
Fireman's Fund Indemnity Company — Occidental Indemnity Company*

New York · Chicago · SAN FRANCISCO · Boston · Atlanta



# *Holiday Greetings* *The American Group*

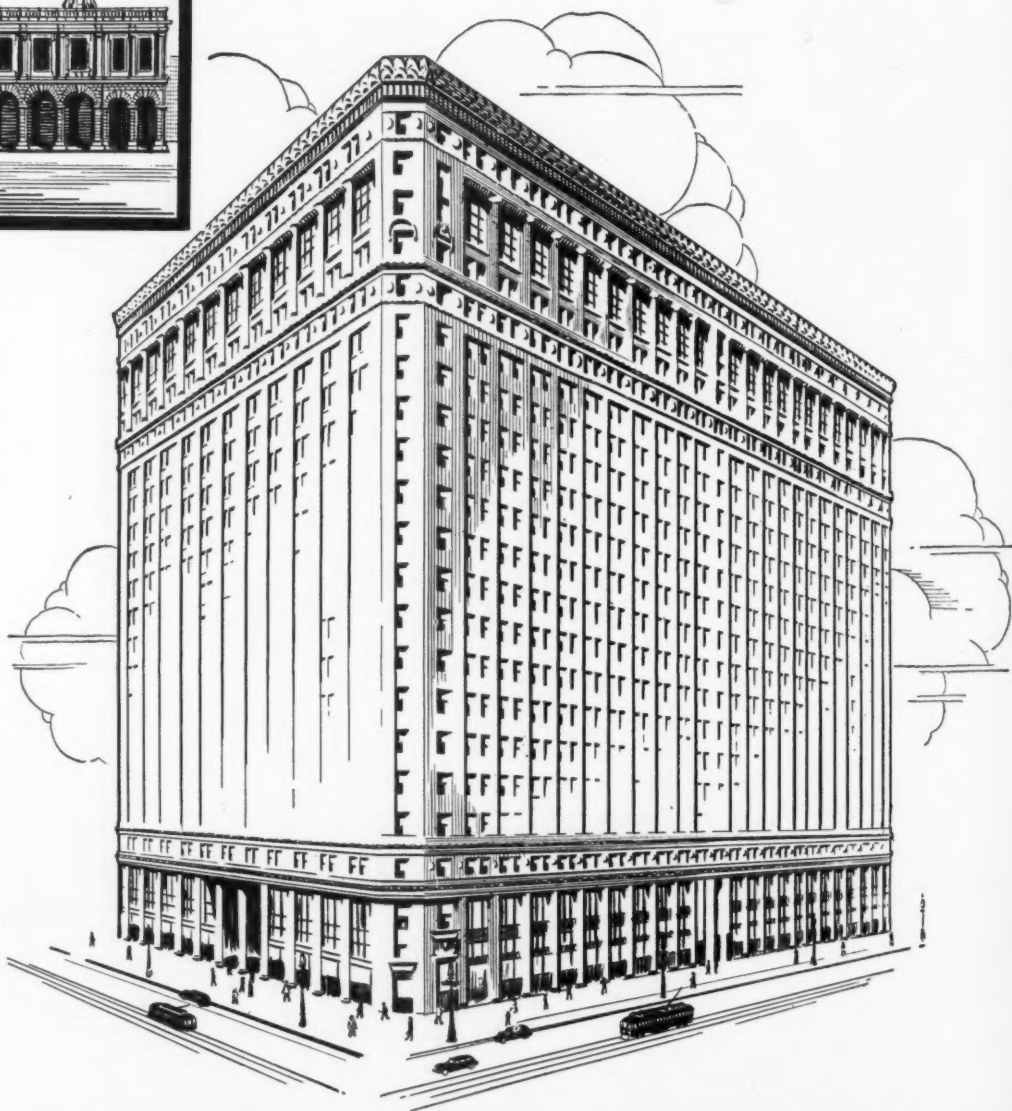


# CENTERS OF CIVILIZATION No. 2



A building that goes far back in English history is the Royal Exchange. Built originally in 1571, it was twice destroyed by fire, once in 1666 and again in 1838, but each time it was promptly rebuilt because it was such a necessary center of British business. The Royal Exchange is still standing and in use today. It has been the home of the insurance company of the same name since 1720.

Filling a similar niche in the insurance business is the INSURANCE EXCHANGE BUILDING. Without question this strategic center is the recognized headquarters for agents, brokers and company officials in the middle west. Your insurance office should be in the INSURANCE EXCHANGE because of the greater efficiency, economy, convenience and prestige its location makes possible. For full particulars of its advantages write E. W. Rinder, Manager. No obligation, of course.



## INSURANCE EXCHANGE BUILDING

175 WEST JACKSON BLVD.

E. W. RINDER  
Manager

CHICAGO

R. C. SWANSON  
Assistant Manager

All through the history of business there have been certain buildings that have become famous in their own right because of the important part they played in world-wide commerce and trade.

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## Lloyds Ruling is Expected Soon in Illinois Domain

### State Department Is Still Pondering Over Interpreta- tion of Some Provisions

It is predicted that within the next 10 days the Illinois insurance department will make some ruling on the London Lloyds section of the new Illinois insurance code. The delay has been caused by differences of opinion among able lawyers as to the construction of two or three provisions. London Lloyds representatives have been before Insurance Director Palmer and presented a program that was agreed upon on the other side but which in the minds of the regular companies leaves a big loop hole in that it provides for the continuation of the truce on bankers blanket bonds thus allowing London Lloyds to continue in that direction in Illinois just at present.

### Monopoly on Blanket Bonds

Lloyds has almost a monopoly on the bankers blanket bond business in the state and under the terms of the truce whereby London Lloyds guaranteed not to solicit business direct in other states, Illinois was excluded. The regular companies in view of London Lloyds agreeing to retire from the direct writing field so far as bankers blanket bonds are concerned in other states pledged themselves to make up the difference in premium income through reinsurance. The truce does not apply to old business.

### Say Lloyds Gets Best Deal

When London Lloyds in its proposal excepts burglary insurance and fidelity bonds from direct writing, this hits the regular companies amidstships. So far as the surety companies are concerned they see in the proposals made nothing of vital importance in the way of restriction on Lloyds while the bankers fidelity bonds remain the same and burglary and fidelity can be written direct with a guaranteed minimum premium. In other words surety companies say that London Lloyds has varnished over everything else in the effort to save its bankers blanket bond business in Illinois.

It is safe to predict that any construction of the Illinois law that is a departure from the strict letter will immediately draw fire from the regularly licensed stock companies and that any ruling that seems to be beyond the pale of the reasonable interpretation of the law will be challenged in court.

### Issue Over the Bank Deposit

One of the main issues is over the \$2,300,000 in the Continental-Illinois National Bank of Chicago, which was contributed largely, it is stated, by brokers and other Lloyds representatives as a fund in this country to insure the payment of honest obligations. The supposition is that \$500,000 of this will be

## New Statements Will Evoke Uncommon Interest

By GEORGE A. WATSON

NEW YORK—With the close of the year but two weeks off fire company officials, underwriting and statistical staffs, field men and local agents are driving at top speed to close all pending matters essential to the preparation of annual statements. When company reports are made public they will be studied with uncommon interest, particularly to observe the effect of the decline of securities values on surplus.

All institutions suffered through the decline in the bond and stock quotations. The losses of each company vary according to the makeup of its investment portfolio. Broadly the drop in security values, including bonds and stocks, ranges from 20 to 30 percent. Rails, utilities and industrials declined something over 30 percent while bank stocks fell about 25 percent.

### Returned to Stock Buying

With the return of better economic conditions three years ago the investment trend of fire companies was to purchase selective stocks, without disturbing their bond holdings to any material extent. All offices still hold a substantial amount of United States bonds and first class municipals.

The special contingency reserves, maintained by virtually all offices primarily to take up the slack in the fluctu-

ated as a statutory deposit for underwriters and the rest for claim and other statutory reserves. The regular companies may attack the provisions of this fund taking the ground that it is not an irrevocable trust in charge of the Illinois department, but there will be certain strings tied to it whereby by giving certain notice it can be withdrawn. Inasmuch as the regular companies are tied down solidly by the law in regard to capital, and so far as foreign companies are concerned to deposit capital, claim and premium reserves, they may demand that London Lloyds should be on a parity and should not be shown any undue consideration.

### Claim Discrimination

Then there is the question as to the reserves on risks unobtainable in any American market. London Lloyds representatives contend that if they put up the reserves abroad that should relieve the underwriters from putting up reserves in this country. This view is considered discriminatory against regular companies that have to put up full reserves on anything written.

There have been some very profound legal opinions given on both sides of the fence. London Lloyds evidently is pressing its cause as far as possible and the regular companies will contest anything that to them seems beyond the legal provisions.

The regular companies seem to feel that there is a place for London Lloyds in the sun but that it should be clearly marked. They object to London Lloyds being favored in competition with them and having advantages not given the regular institutions.

ations of security values, will serve to make the drop seem less severe. Perhaps in a few companies the decline went no farther than to erase such reserve.

Sharp as will be the drop in surplus accounts, none suffered to a point as to cause uneasiness either to policyholders or stockholders, all having safe surplus margins. Investment income has not diminished and so far no company has reduced its dividends to stockholders or failed to pay an established extra. Indeed there have been two or three increases.

In so far as underwriting is concerned, 1937 paralleled closely the 1936 experience. Probably loss ratios will be better than 1936, although not as low as in 1935.

The over all premium income is likely to show a gain of 5 percent, the increase contributed mainly by automobile and inland marine. The first seven months of the year there was an encouraging amount of new building in many sections. However, the pace began to slacken in August and has continued dull. Considerable call for indemnity upon stocks was received and such increase in income as was derived from this source was offset by rate reductions that have been steadily downward for many years.

### Few Large Losses

There have been no losses of a conflagration nature and only about two in the \$1,000,000 class. The total fire loss for the year will probably exceed \$250,000,000.

No fault is found with the loss record of the automobile division, as to fire and theft. Collision, though, is another story. With greatly increased road congestion; high speed cars and the change in construction of the 1937 and 1938 models, collision losses not only were far greater in number during the past 12 months than ever before, but individual claims averaged considerably higher.

Company expenses will be about the same as those for 1936, ratios ranging

(CONTINUED ON PAGE 40)

## December Owed

By WM. TECUMSEH BENALLACK  
Secretary Michigan F. & M.

The sad-ancholy days have come, the baddest of the year

When the festive special agent flits around both far and near,

He goes after the delinquents, be they big or be they small

For that September balance, lest it gets beyond recall.

He has to hit the low spots to satisfy the boss

Regardless of the adage of the rolling stone and moss,

He heaves a sigh of great relief when the balance sheet is clear

Though he knows he'll have the same darn thing to do again next year.

## Examination Plan Causes Comment With Executives

### Considerable Protest Made as to Increased Expense Under Zone Method

NEW YORK—Following the meeting of the National Association of Insurance Commissioners here there has been much discussion among company executives throughout the east about the convention system of examination in its new form as pursued by the commissioners. Following the meeting of the commissioners there were a number of informal conversations on part of executives of all classes of companies. It is apparent that they are not opposing the convention system itself. In fact, they believe in it.

### Object to the Expense

However, many executives declare that the expense of these examinations is too great and under the zone plan whereby more states will be represented naturally the cost will be greatly augmented. Some of the executives and certain state officials do not hesitate to say that there are a few abuses in connection with the present plan that should be eradicated and that examinations should be made on strictly a business basis. The ideal plan of course would be for the states themselves to stand the expense of any examination. That is not practical because of the lack of appropriation for the work. Hence the companies must stand the expense. That being the case the companies contend that the work should be done by competent people and that the fees and living expense should comport with reason and sound judgment. Some of the states employ outside actuarial talent and this seems to be the most expensive.

### Palmer Seeks Reforms

At the meeting of the committee on examinations, Palmer of Illinois was rather pronounced and outspoken in his criticism of the manner in which examinations were made and especially the expense. Some examiners charge \$25 a day, plus living expense amounting to \$9 or \$10 a day. This, he contended, was too high. He advocated a \$15 fee per day and then the cost of living should be governed by the place in which the examination is made. He stated, for instance, that if a company located in Montreal were being examined or in New York City the living cost would be much higher than Rock Island, Ill., Springfield, Mass., or Salt Lake City. He suggested that the home commissioner who would be in touch with living costs in various points in his state should decide what should be a proper amount to charge. Mr. Palmer took the position that it was ridiculous for an examiner to charge the same amount for living in a smaller and much less

(CONTINUED ON PAGE 40)

## Holds Assured Must Get Entire Missouri Fund

### Companies Are Appealing State High Court Decision in Rate Case

Attorneys for the fire companies that have been collecting since 1930 a 16 2/3 percent rate increase under an injunction from the Missouri supreme court this week will file a petition for a rehearing following the decision of the supreme court the other day that all of the premiums impounded in the so-called state court cases must be returned to policyholders. The impounding amounts to about \$1,700,000. If the state supreme court should deny such a petition, the only recourse would be an appeal to the United States Supreme Court. Already the famous Missouri rate case, which has been in complicated litigation since 1922, has been before the U. S. Supreme Court twice in various aspects.

The majority of the cases were before the federal court and in 1935 that litigation was disposed of under an agreement with the then superintendent, R. E. O'Malley, whereby 20 percent of the impoundings were returned to policyholders and 80 percent went to the companies. At that time the companies introduced a new and lower rate scale in the state and made available to Missourians the various liberalizations of cover that had been introduced in other middle western states for the past several years.

Seventy-four companies are involved in the state litigation.

#### Reasoning of Supreme Court

The supreme court, in this latest decision, held that the Cole county circuit court did not have jurisdiction in the first instance. It argued that the Missouri laws do not authorize joint action by fire companies for a review of an order denying an application for a rate increase. Inasmuch as the companies did act jointly in petitioning for review, the circuit court had no jurisdiction, according to the supreme court. Since the circuit court had no jurisdiction, the supreme court acquired none by the appeal, the decision stated.

In view of the fact that the circuit court did not have jurisdiction, all orders made and judgments rendered therein by that court are null and void and have no effect, except the judgment dismissing the cause and ordering the impounded funds returned to the policyholders.

By following another line of reasoning, the supreme court came to the conclusion that the compromise agreement between the companies and the insurance commissioner is null and void and of no effect. Accordingly the joint motion of the commissioner and the companies requesting that the settlement be approved is denied.

#### Thompson Had Last Word

When J. B. Thompson, who was then insurance superintendent ruled on the rate increase in 1930, that ended the matter, according to the supreme court, so far as the insurance department was concerned. There was nothing left for O'Malley to consider, according to the court.

The gist of the companies' argument was that the insurance commissioner had the right to enter into a compromise agreement and that neither the governor nor the judicial department had control over the action of the insurance commissioner in that regard, except as proceedings might be brought in court to invalidate the superintendent's act. Ac-

(CONTINUED ON PAGE 42)

## E. U. A. Annual Meet



W. R. McCain

NEW YORK—An unusually large attendance is expected at the annual meeting of the Eastern Underwriters Association in New York this week. The business session in the afternoon will be followed by a dinner.

Five of the member companies having elected new chief executives within the past 12 months, felicitations will be extended to each on behalf of the organization. Responses will be made in turn by: George C. Long, Jr., president Phoenix of Hartford; Harold V. Smith, president Home; Walter D. Williams, president Security of Connecticut; H. F. Ellen, United States manager York-

## McConnell, U. S. Manager of Century, to Retire March 1

L. J. Tillman Will Be Successor  
—Iverson Assistant Manager—  
Gwyn Secretary

NEW YORK—After seven years service as United States manager of the Century of Scotland, W. A. McConnell will retire at the end of February, when he will have reached retirement age. His successor will be L. J. Tillman, who will assume the office March 1.

D. N. Iverson will continue as assistant United States manager, and Roland H. Gwyn will become secretary.

John Hosking, who had been assistant United States manager for the past three years, and connected with the company since 1929, retired some days ago. He will announce a new association shortly.

Mr. McConnell had been connected with the Century in Ireland for a number of years prior to his appointment as its United States manager in 1930. His cordial manner secured for him many friends among the fraternity on this side who will regret his leaving the business.

Mr. Tillman joined the United States staff of the Century in 1926, when Henry W. Brown & Co., of Philadelphia were

(CONTINUED ON PAGE 42)

shire, and E. W. Elwell, United States manager Royal Exchange.

W. Ross McCain, president Aetna Fire, is president of the E. U. A. Vice-presidents are R. R. Martin, United States manager Atlas, and Montgomery Clark, president Hanover Fire; treasurer, B. M. Culver, president America Fore group.

## THE WEEK IN INSURANCE

London Lloyds ruling from the Illinois state insurance department under the provisions of the new code is expected within the next 10 days. **Page 3**

Expense of convention examination plan of the insurance commissioners is causing much comment. **Page 3**

Missouri supreme court decides that all of the money impounded in the state court rate cases, amounting to \$1,700,000, must be returned to the policyholders. **Page 4**

Report action contemplated by Inland Marine Underwriters Association to check inroads of outsiders offering inducements for business. **Page 10**

Insurance Director Ernest Palmer of Illinois was presented with a handsomely bound copy of the new insurance code by the insurance organizations comprising the insurance advisory council. **Page 5**

Sharp clashes occur in court hearings in connection with action brought by Superintendent Robertson of Missouri questioning the administration of the affairs of the defunct Manufacturing Lumbermen's Underwriters by R. E. O'Malley. **Page 6**

President R. M. Bissell of the Hartford Fire is stricken at Charleston, S. C. **Page 40**

Edward S. Hawley, veteran Buffalo agent, died Sunday at the age of 91. **Page 21**

New York liquidation bureau to appeal U. S. Supreme court decision relieving Fidelity & Deposit from paying Southern Surety claims. **Page 25**

Agreement London Lloyds proposed to the Illinois department is outlined. **Page 25**

New York insurance law revision not to be shelved, legislative committee chairman warns. **Page 23**

Illinois insurance department reaffirms its decision outlawing the use of occupational automobile rating plans and withholds approval of merit rating filing and American Automobile brings action for an injunction. **Page 23**

Symposium on agency manager's job presented by Chicago Accident & Health Association. **Page 25**

Much interest is taken in the discussion among the companies belonging to the National Bureau of Casualty & Surety Underwriters as to some form of reward for the automobile driver who has a good claim record. **Page 24**

Trend of recent decisions in accident and health insurance field reviewed by C. O. Pauley. **Page 23**

Hornee J. McCauley, marine manager of the North America in San Francisco, has been appointed general manager of all departments on the Pacific Coast. **Page 37**

London Lloyds non-marine underwriters make first deposits in Canada, with Ontario and Quebec departments. **Page 39**

Some companies are investigating very carefully the automobile collision loss problem. **Page 40**

Several advancements in the official staff of the Phoenix-London group are announced. **Page 6**

W. A. McConnell is to retire as U. S. manager of Century, being succeeded by L. J. Tillman. **Page 4**

Several changes in U. S. head office staff of London Guarantee and Phoenix Indemnity are announced. **Page 24**

Lansing Agents Association urged to help secure department approval of sale of personal property floater in Michigan. **Page 19**

The Royal is tendering this week a dinner to W. A. Earls, president Laws Insurance Agency Company of Cincinnati in honor of its 85th year of continued representation. **Page 8**

George R. Kendall, president Washington National of Chicago, is appointed chairman executive committee of the insurance division of the Illinois chamber of commerce. **Page 14**

## Hull Coverage on Air Giants Hangs on Risk Spread

### Can't Insure 100-Passenger Ships Unless Regular Planes Are Protected, Too

NEW YORK.—Col. Charles A. Lindbergh's dramatic request for bids on 100-passenger transport planes poses some real problems for aviation underwriters if hull coverage is desired on these air giants, although the difficulties are by no means insuperable.

The inherent difficulty is one of spread of risk. While airlines all carry liability coverage, they are largely self-insurers when it comes to crash insurance. However, the flying of 100-passenger planes, costing in the neighborhood of \$1,000,000, involves putting of a good many eggs in one basket. Self-insurance will probably not look so attractive.

#### Not Afraid of Ships

Aviation underwriters are not afraid of the proposed 100-passenger ships as insurance risks, as each will at least double the present planes in number of motors and in operating crew. But covering the crash hazard, even on an excess basis, for a \$1,000,000 plane means that the premium must be spread among a great many reinsurers so that no one will get hit too hard in the event of a total loss. The trouble is that for quite a while after the first of the new air behemoths is delivered (around 1940) there will be relatively few of these excessively large risks, with a consequent disproportionately small premium volume to spread around among the afore-said reinsurers.

#### Wider Hull Cover Suggested

The best solution appears to be for the air lines to make wider use of hull coverages than they do now, insuring not only their larger ships but transport planes of the sizes currently in use. This would give the aviation underwriters a sufficient premium volume on hull insurance so that the risks could be split up among a large number of reinsurers and still be worth these companies' while. From the air lines' point of view it would largely eliminate the hazards of self-insurance and would give them the necessary coverage for their \$1,000,000 ships and their other transport planes at a total outlay not much greater than the insurance companies would have to charge for the big ships alone.

#### No Trouble with Liability

This has been exactly the situation in the liability end. Major air lines are members of the Air Transport Association. A condition of membership in this organization is that liability insurance be carried. This is due to the fact that passengers often buy tickets from one air line which takes them over the routes of two or more lines, just as railroad passengers on a single trip may ride on the rights-of-way of several railroads. Each air line naturally wants to be sure that it is protected against possible claims arising from accidents on other lines with which it has working agreements.

For this reason there is sufficient premium volume on liability business to provide an adequate spread of risks and to interest a large enough number of reinsurers. The liability market has thus kept pace with the steady increase in plane travel and size of ships. Underwriters expect to be able to find facilities for the liability hazard, even in connection with the 100-passenger planes discussed by Colonel Lindbergh.



## Griffith Suggests 12 Ways to Improve Collision Record

### America Fore Man Addresses Finance Meet in Indiana

INDIANAPOLIS—Walton H. Griffith, automobile manager at the head office of America Fore, suggested a 12-point program for improving the automobile collision experience of finance companies in an address before the Indiana division of the American Association of Finance Companies here.

1. Have the finance companies do more selective underwriting, avoiding poor credits, refuse to finance "over-sold" used cars, and avoid "sub-standard" business.

#### Eliminate Long Periods

2. Stiffen credit terms to provide higher down payments and elimination of such long periods as 24 or more months. Avoid insufficient down payments to be carried by a "balloon note" at end of term.

3. Get each finance company and its insurance carrier together on a program of cooperation to reduce insurance losses, studying their dealers and ways and means to eliminate abuses.

4. See that only competent and trustworthy adjusters are used on claims, avoiding "special friends" or adjusters selected by dealers.

#### Stop "Buying of Business"

5. Educate finance company field and production personnel to the necessity of eliminating any "buying of business" from dealers at the expense of the insurance carrier in loss payments.

6. Educate dealers to cooperate with finance company and insurance carrier if they expect to have repair jobs on their cars sent to dealer's shop for insurance repairs. This means cutting out "chiseling," and meeting competitive bids for repair work.

7. Keep records on each dealers' business, investigate source of too many losses, and either eliminate dealers whose business is unprofitable from insurance standpoint, or handle such financing without insurance.

#### Poor Insurance Risks

8. Utilize insurance company information to eliminate purchasers who are poor insurance risks, either through previous losses or other reasons.

9. Enlist purchasers' cooperation in reducing accidents by participating in safety campaigns, and stimulating personal careful driving by using warning notices in the handling of finance notices to purchasers.

10. Enlist dealer and purchaser cooperation to actually "repair" damages on insured cars as is so often done on uninsured automobiles, instead of insisting upon replacing every item with "new parts."

#### Cooperation of Manufacturers

11. Secure cooperation of automobile manufacturers to hold down repair cost of accidents by making new cars of such construction that usual accidents will not require steadily increasing cost for repairing the same amount of damage.

12. Let finance companies and insurance companies join with other allied interests in promoting all the various things that will be conducive to safer driving and fewer accidents. Seek better highways, better law enforcement, stricter requirements for driver's licenses, stricter requirements for cars "safe-to-

(CONTINUED ON PAGE 41)

## New Ohio Handbook Gives Valuable Information

Early this week the Underwriters Handbook of Ohio was published by THE NATIONAL UNDERWRITER. This is the 43rd edition of this well-known reference book which contains the complete data on Ohio insurance-wise.

The Ohio Handbook gives the up-to-date list of all agents in the state arranged alphabetically by towns and showing companies represented, members of the firm, date established, other business transacted and additional valuable data. This covers life agents as well as fire and casualty, stock, mutual and reciprocal. In separate lists are given the names of solicitors licensed by the insurance department together with the agency they represent. Altogether, 80,055 licenses were received this year by the compilers; of these 74,019 were for agents and 6,036 solicitors. In 1936 there were 75,556 agents and 6,038 solicitors licensed, a total of 81,594.

#### Much Company Data

Besides the agency data there is given a vast amount of other valuable information on the insurance business in the state. The company directory department lists all companies operating in the state with their officers, financial statements, field men, address and date established. Many companies are included in this section about which little information is found in other reference books as they are too small or operate only locally. Separate lists are included of field men of fire companies and general agents and managers of casualty and life companies. These are arranged alphabetically for easy cross-reference. Statistical data shows fire insurance premiums and losses in the state for five years, with the 1936 business classified, casualty insurance classified by lines for two years and life insurance paid for and in force for six years.

Other miscellaneous data is included showing local insurance associations with officers and addresses, classification of each town as to fire protection, resume of insurance laws of the state, lists of attorneys and adjusters and a showing of what companies write special lines.

#### Valuable Reference Book

The Ohio Handbook has long been recognized as the standard reference book on Ohio insurance and it is very valuable to agents, field men and companies alike. While it has been published earlier in the year in the past it has been greatly delayed this year by the insurance department's change in the manner of handling agents licenses. It was not until late in October that the lists were finally received by the compilation department and work had to be carried on at top speed to produce the book before the end of the year as it usually takes over two months to compile the data as well as print and bind the book. This latter operation alone takes from two to three weeks. This new book totals 848 pages.

#### Tidwell Enlarges Office

Frank E. Tidwell, head of F. E. Tidwell & Co., independent adjusting firm of Los Angeles, due to expansion of business since opening his own office in June, has more than doubled his office space and added five company trained men and is now equipped to handle all types of automobile, casualty and fire adjustments.

He was with the Home of New York for several years. After nearly three years of law practice in Memphis, Tenn., he went with the Home at Charlotte, N. C., Atlanta, New Orleans, Los Angeles and San Francisco in the claims department. During his six years on the coast he has developed a wide acquaintance among the insurance fraternity.

## Ernest Palmer Presented with Very Handsome Gift

At a luncheon Monday in Chicago, Insurance Director Ernest Palmer of Illinois was presented with a magnificently and exquisitely bound copy of the new Illinois insurance code enclosed in an asbestos lined, dust-proof, solander case. The work was executed by the Lakeside Press of Chicago from African goat skin with gold and blind tooling in Levant Morocco binding. At the luncheon H. W. Tribolet, who has charge of the special edition department of the Lakeside Press, was present, spoke and told something of the workmanship.

W. H. Hansmann, manager Fidelity & Deposit, who as president of the Illinois Insurance Federation acted as head of the insurance advisory council, during the legislative season, presided. The presentation address was made by Rockwood Hosmer of R. W. Hosmer & Co., chairman legislative committee Illinois Association of Insurance Agents. Mr. Palmer responded in a very feeling way.

#### Dedication in the Book

There was a dedication written in the fore part of the book and signed by those representing the various organizations. The foreword is as follows:

"In appreciative recognition of his noteworthy public service this volume is presented to its author, Hon. Ernest Palmer, director of insurance of the state of Illinois. Conceived in far-sighted wisdom, brought forth with fair dealing and patient courage in the face of disheartening odds, the organizations, whose signatures are shown, testify to their belief in the soundness of this constructive legislation and their confidence that it will prove of enduring benefit to insured and insurer alike not only in the state of Illinois but wherever its seed may take root."

#### Organizations Represented

Those who represented the organization who were present and signed the dedication were:

Insurance advisory council of Illinois—W. H. Hansmann, Fidelity & Deposit. American Life Convention—C. B. Robbins, manager.

Casualty Insurance Managers' Club of Chicago—John Pabst, Fireman's Fund Indemnity and Freeman C. Read, Globe Indemnity.

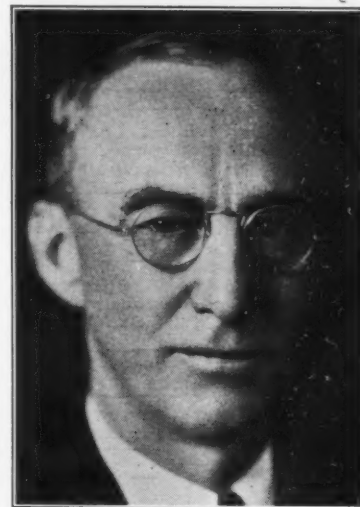
Chicago Association of Life Underwriters—C. B. Stumes, Penn Mutual. Chicago Insurance Agents Association

—H. E. Reeves, Joyce & Co. and Lyman M. Drake, Critchell, Miller, Whitney & Barbour.

Illinois Association of Insurance Agents—Rockwood Hosmer, R. W. Hosmer & Co., W. H. Stewart, Stewart, Keator, Kessberger & Lederer.

Illinois Association of Life Underwriters—C. F. Axelsson, Northwestern Mutual Life.

Illinois Chamber of Commerce—In-



ERNEST PALMER

urance Division—W. P. Robertson, North America and H. A. Behrens, Continental Casualty.

Insurance Brokers Association of Illinois—Gail Reed.

Insurance Federation of Illinois—W. O. Schilling, U. S. Fidelity & Guaranty.

Life Insurance Companies of Illinois—E. V. Mitchell, Continental Assurance and Henry Abels, Franklin Life.

National Association of Insurance Agents—Allan I. Wolff, Klee, Rogers, Loeb and Wolff and P. B. Hosmer, R. W. Hosmer & Co.

Surety Underwriters Association of Chicago—B. J. Nietschmann, National Surety and R. E. Hall, Ocean Accident and Columbia Casualty.

There were some special guests present in tribute to Director Palmer.

## Program Completed for Insurance Teachers' Rally

The completed program for the annual meeting of the American Association of University Teachers of Insurance in Atlantic City, Dec. 27, has now been announced.

Following the presentation of discussions on insurance company training courses—life, fire and casualty, these educators will present their views on the subject:

E. L. Bowers, Ohio State University; J. M. Lear, University of North Carolina, and T. C. Bolton, Syracuse University.

As previously announced, J. H. Wood, John Hancock Mutual Life, will open the discussion on life insurance training courses; J. V. Herd, Fire Association, on fire courses, and William Leslie, National Bureau of Casualty & Surety Underwriters, on casualty courses.

The luncheon speaker is to be J. J. Magrath of Chubb & Son, New York City. He is the former head of the rating bureau of the New York department and he will discuss the proposed revision of the New York insurance law.

Discussants of the addresses, previously announced at the afternoon ses-

## Georgia High Court Grants Rehearing in Penalty Case

ATLANTA—The Georgia supreme court has granted a rehearing in the former suit brought by Sydney Weiss against the Pacolet Manufacturing Company of Gainesville, Ga. Mr. Weiss is endeavoring to secure half of a 10 percent penalty on about \$750,000 windstorm loss recovered by Pacolet from the factory mutuals which are not licensed in Georgia.

Recently by a vote of four to two, the supreme court ruled in favor of the Pacolet Mills on the grounds that the policies were issued and accepted outside Georgia and, therefore, did not come under the statute providing a penalty for patronizing non-admitted insurers.

sion will be C. A. Kulp, Wharton School, University of Pennsylvania, and L. J. Ackerman, University of Newark. They will discuss papers by R. B. Robbins, Teachers Insurance & Annuity, on "The Effect of Social Security Legislation on Private Pension Plans," and by Oliver Thurman, Mutual Benefit Life on "The Future of Disability Income Insurance."

## Robinson and Tabler Named Assistant U. S. Managers

**Cunningham, Vonderleith, Green and Miner Also Advanced by Phoenix-London**

NEW YORK—A number of important changes in the official staff of the Phoenix Assurance and of its several fire company subsidiaries are announced by United States Manager T. J. Irvine to become effective Jan. 1.

John R. Robinson, previously superintendent of production for the Phoenix-London group, becomes assistant United States manager of the Phoenix and Union Marine & General, and vice-president of Imperial Assurance, Columbia of New Jersey and United Firemen's. J. T. Tabler likewise becomes an assistant U. S. manager of Phoenix and Union Marine, of which he was formerly secretary. He continues as a vice-president of the Imperial, Columbia and United Firemen's.

John F. Cunningham, hitherto treasurer of each of the companies, will serve as secretary as well.

In addition to W. H. Thompson and

A. C. Hoberg, who have been assistant secretaries of the company and who will so continue, H. Vonderleith and T. W. Green have been named to similar posts.

W. A. Miner, for some years in charge of the metropolitan, suburban and brokerage department with office in the downtown insurance district, has been given the title of manager for these divisions.

## Indiana Directors Named

The following board of directors of the Indiana Association of Insurance Agents is announced: W. C. Myers, Evansville, chairman; D. H. Swadener, Mishawaka; J. W. Kirkpatrick, Muncie; C. W. Owens, Farmland; R. G. Hastings, Washington; Will Jenkins, Richmond; Simpson Stoner, Greencastle, vice-president; Jos. W. Stickney, treasurer; A. L. Jenkins, Richmond, national councillor, and Ross E. Coffin, Indianapolis, president.

## Pierce Is Toledo Speaker

John R. Pierce, attorney for the state bureau of motor vehicles, Columbus, discussed the Ohio drivers' license and financial responsibility laws at a meeting of the Toledo Association of Insurance Agents.

## Questions O'Malley's Report of MLU Receivership

**Sharp Clashes in Court Hearings on Administration of Defunct Kansas City Reciprocal**

KANSAS CITY—The Manufacturing Lumbermen's Underwriters case went back into court when Superintendent Robertson of Missouri filed a number of exceptions to the final accounting made by R. E. O'Malley, former superintendent, during the time he was in charge of the defunct reciprocal, from Nov. 12, 1936, to Oct. 30, 1937.

W. H. Becker, one of Robertson's attorneys, told the court the exceptions were filed because O'Malley's accounting did not comply with the court order, and did not clearly indicate what O'Malley took over last November, nor what he was turning over to Robertson now.

Robertson said the O'Malley report "does not contain an intelligible and decipherable statement of the condition of the assets of the company." He said the trial balance sheet submitted by

(CONTINUED ON PAGE 41)

## INSURANCE STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Dec. 13, 1937

	Par	Div	Bid	Asked
Aetna Cas. ....	10	3.00*	80	85
Aetna Fire ....	10	1.60	40	42
Aetna Life ....	10	1.10*	23	24
Agricultural ....	25	3.25*	62	66
Amer. Alliance ....	10	1.20*	17	19
Amer. Equitable ..	5	1.80*	25	27
American (N. J.) ..	2.50	60*	10 1/2	11 1/2
Amer. Surety ....	25	2.50	37	39
Automobile ....	10	1.20*	25	27
Balt. Amer. ....	2.50	30*	4 3/4	5 1/4
Bankers & Ship ..	25	5.00	70	74
Boston .....	1.00	21.00	525	535
Camden Fire ....	5	1.00	17	18
Carolina .....	10	1.30	19 1/2	20 1/2
City of N. Y. ....	10	1.20	17 1/2	19
Contl. Cas. ....	5	1.50*	23	24
Cont'l (N. Y.) ....	2.50	1.80*	28	30
Crum & For. com.	10	.90*	23	26
Employers Re. ....	10	1.60	39	41
Fed. (N. J.) ....	10	1.40	32	34
Fidelity & Dep. ..	20	2.00	97	100
Fidelity-Phen. ....	2.50	1.80*	29	30
Fire Assn. ....	10	2.50*	51	53
Firemen's (N. J.) ..	5	.30	8	9
Franklin .....	5	1.40*	24	25 1/2
Gen. Reinsur. ....	5	2.00	26	27
Gibraltar F&M. ....	10	1.40*	19	20
Glens Falls ....	5	1.60	35	37
Globe & Repub. ....	5	.85*	12	14
Gl. & Rut. (com.) ..	25	...	19 1/2	20 1/2
Gt. Amer. Fire. ....	5	1.00*	21	22 1/2
Gt. Amer. Ind. ....	1	.20*	9	9
Halifax Fire. ....	10	1.60	27 1/2	28 1/2
Hanover Fire ....	10	2.00	61	63
Hartford Fire ....	10	1.60	57	59
Htfd. Steam Boil. ..	19	1.50*	24	25
Home Ins. (N. Y.) ..	5	1.60*	14	15
Homestead .....	10	1.00	52	54
Ins. Co. of N. A. ....	10	2.50*	15	17 1/2
Kan. City F&M. ....	5	.80	10	12
Knickerbocker ..	5	...	2 1/2	3
Lincoln F. (new) ..	5	...	3 1/2	4
Md. Cas. com. ....	12.50	3.50	39	42
Mer. & Mfrs. ....	5	.60	8	10
Mer. Assur. com. ....	5.00	1.70*	38	42
Natl. Cas. ....	10	1.00	15	16
Natl. Fire ....	10	2.00	52	54
Natl. Liberty ....	2	.40*	6	7
Natl. Union ....	20	5.00*	105	109
New Am. Cas. ....	2	.60	9	10
New Brunsw. F. ....	10	1.70*	24	25 1/2
New Hampshire. ....	10	1.80*	38	40
New Jersey ....	20	2.50	37	38
Northern (N. Y.) ..	12.50	5.00*	76	80
North River ....	2.50	1.20*	24 1/2	25 1/2
N. W. Natl. Fire. ....	25	5.00	115	120
Pacific Fire ....	25	6.00	100	105
Paul Revere Fire ..	10	1.30	20	22
Phoenix, Conn. ....	10	2.50*	73	75
Preferred Accl. ....	5	.80	13 1/2	14 1/2
Prov. Wash. ....	10	1.40*	25 1/2	27
Republic, Tex. ....	10	1.20	21	23
Rossia .....	5	.80*	4 1/2	5 1/4
St. Paul F. & M. ....	25	7.50*	175	185
Security .....	10	1.40	27 1/2	28 1/2
Sprngfld. F. & M. ....	25	4.75*	103	106
Travelers .....	100	16.00	395	405
U. S. Fire. ....	4	2.50*	46	48
U. S. F. & G. ....	2	...	13 1/2	14 1/2
Westchester Fire ..	2.50	1.60*	27	29

\*Includes extra. \*\*Canadian funds.

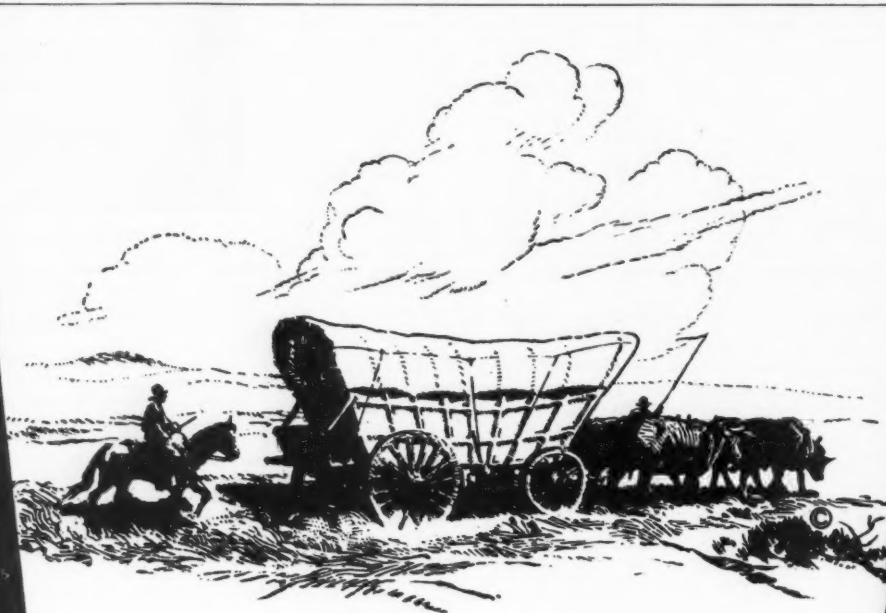
## Michigan Mutuals Want Cancellation Made Easier

LANSING, MICH.—Officers of the Michigan Association of Mutual Insurance Companies at a special meeting here adopted resolutions favoring an amendment of the uniform farm fire policy law and congressional action to force the Federal Reserve banking system to make an exception of mutual companies' savings bank deposits as to interest payments.

The resolution would insert in the state law a provision making possible serving of cancellation notice by mail without the uncertainty attached to present methods. Under the suggested rule, mutual carriers would effectively and legally cancel policies merely by offering proof that the cancellation notice was mailed to the last known address of the member.

The other resolution provided for notification of Michigan congressmen that the mutual carriers want to be excepted from the federal reserve board rule against payment of interest on corporations' savings accounts. It was pointed out that most of the reserves of the small mutuals are now in savings accounts and the no-interest rule prevents them from earning any return.

Another meeting was held by about 150 representatives of the small mutuals who confirmed the tentative formation of the Excess of Loss Association, a reinsurance pool arrangement by which member mutuals will provide a form of "stop loss" cover for each other.



**Holiday Greetings**

**and Best Wishes for**

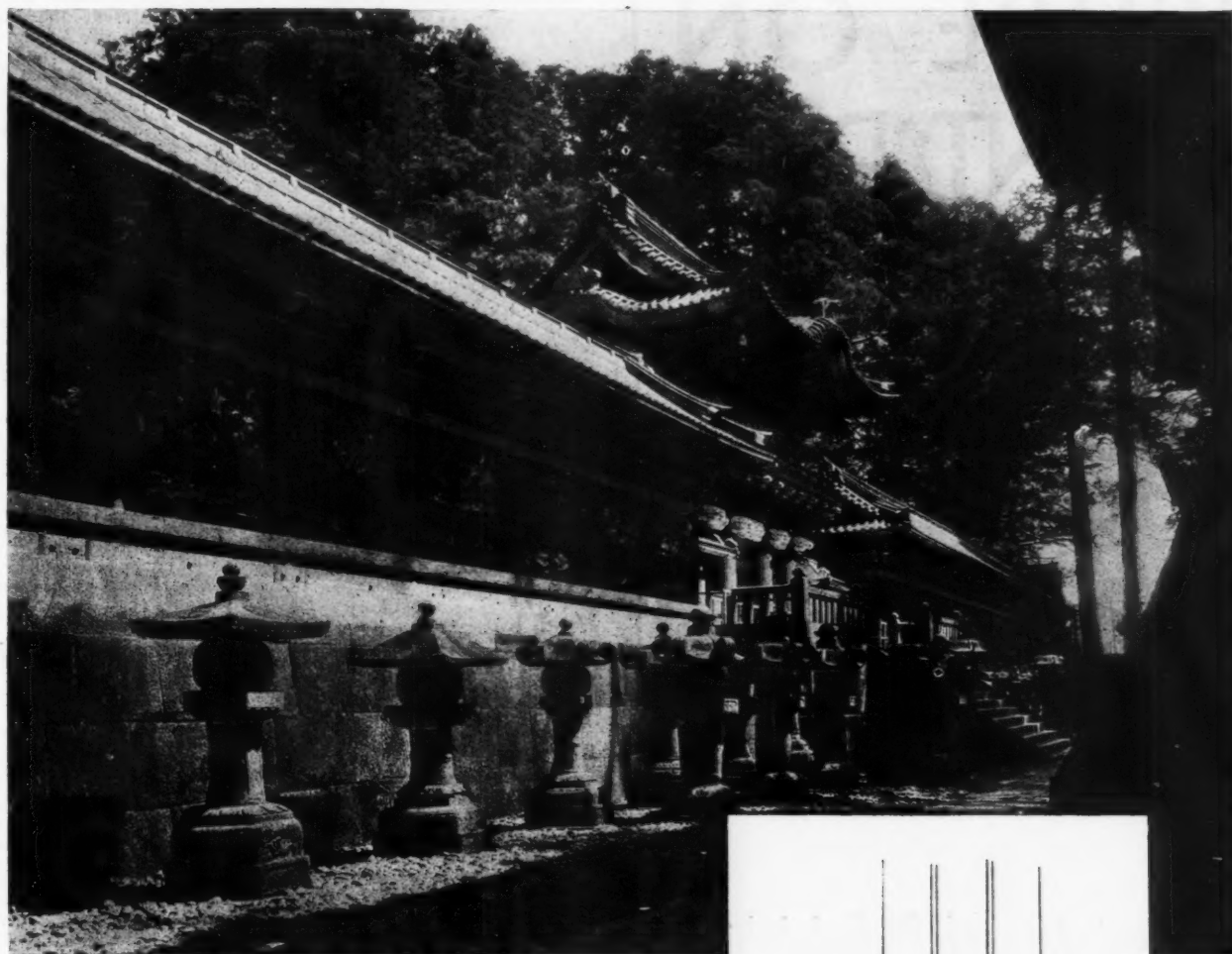
**1938**

**The SPRINGFIELD GROUP  
OF FIRE INSURANCE COMPANIES**

Geo. C. Bulkley, President

SPRINGFIELD FIRE & MARINE INSURANCE CO. . SPRINGFIELD, MASS.  
CONSTITUTION DEPARTMENT . . . SPRINGFIELD, MASSACHUSETTS  
SENTINEL FIRE INSURANCE COMPANY . . . SPRINGFIELD, MASS.  
MICHIGAN FIRE & MARINE INSURANCE COMPANY . . . DETROIT, MICH.  
NEW ENGLAND FIRE INSURANCE COMPANY . . . PITTSFIELD, MASS.





## Nippon Temples

**I**N Tokio, and in various other parts of Japan, Companies of the Royal-Liverpool Groups insure temples and shrines famed for their exquisite carving and general decoration. One such temple is approached by an avenue of five hundred magnificently carved stone lanterns of great antiquity.

With their world-wide connections for the prompt and efficient handling of claims, Royal-Liverpool Companies can guarantee to representatives and insureds full consideration of usual or unusual risks, whether located at home or abroad.



*This is No. 4 of the series, "Round the World with the Royal-Liverpool Groups." No. 5 finds the Groups insuring property 11,000 feet above sea level in South America.*

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ONE HUNDRED FIFTY WILLIAM STREET, NEW YORK, N. Y.

AMERICAN & FOREIGN INSURANCE COMPANY • BRITISH & FOREIGN MARINE INSURANCE COMPANY, LTD. • CAPITAL FIRE INSURANCE COMPANY OF CALIFORNIA  
THE LIVERPOOL & LONDON & GLOBE INSURANCE CO. LTD. • THAMES & MERSEY MARINE INSURANCE COMPANY, LTD. • QUEEN INSURANCE COMPANY OF AMERICA  
THE NEWARK FIRE INSURANCE COMPANY • FEDERAL UNION INSURANCE COMPANY • ROYAL INSURANCE COMPANY, LTD. • STAR INSURANCE COMPANY OF AMERICA

# INSURE ON PRESENT DAY VALUES

Since 1933 the average cost of building materials and labor has increased country-wide approximately

## 30%

**Fire Association of Philadelphia**  
ESTABLISHED 1817

**Lumbermen's Insurance Company**  
ESTABLISHED 1873

**The Reliance Insurance Company**  
ESTABLISHED 1841

**Philadelphia National Insurance Company**

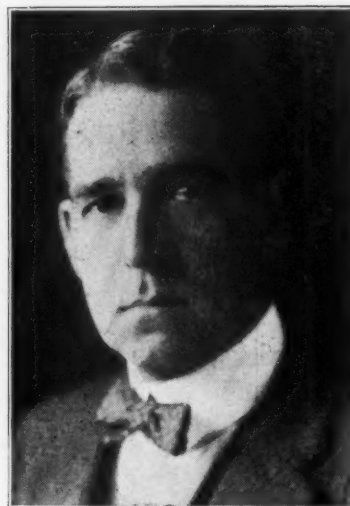
**Head Offices, 401 Walnut Street  
Philadelphia**

**OLD LINE STOCK FIRE, MARINE AND  
AUTOMOBILE INSURANCE**

## Laws' Agency Honored at a Cincinnati Celebration

**Has Represented the Royal Continuously for 85 Years—W. A. Earls Now Head**

CINCINNATI—The Royal is tendering W. A. Earls, president of the Laws' Insurance Agency Company, here, a dinner Thursday evening on the occasion of its 85th year of continued representation. The Laws' agency, one of the



**WILLIAM A. EARLS**

oldest in Cincinnati, was established in 1852 by John S. Law, who came from Savannah, Ga. Operated under Mr. Law's name until 1871, "& Son" was added when his son, John H., who had been with the agency 19 years, was made a partner. Following the elder Law's death in 1877, the agency was operated as John H. Law until 1881 when his two brothers, Charles H. and George W., entered the firm and the agency was known as John H. Law & Bros. Incorporating in 1903, John H. was president; George vice-president, and Charles secretary, with J. L. Foley as manager. John and George went to Chicago in 1895 as western managers of the Royal and Charles became general manager at Cincinnati. In 1903 Mr. Foley was made an associate manager along with Charles.

### Charles G. Law Manager

Charles G. Law, the only son of John, became associated with the Royal in 1897 as associate special agent for Cook county in Chicago. He was later promoted to Illinois state agent and in 1910 was named assistant manager in Cincinnati under Mr. Foley. Mr. Foley died in that year and Charles G. Law succeeded him as Cincinnati manager.

John H. Law retired in 1912 and George W. Law became sole western manager of the Royal. Management of the Royal had become a family tradition with the Laws and in 1910, Elwin W. Law, the son of George W. Law, entered the office as file clerk. He worked upwards through the underwriting department and in 1921 he was made associate manager. Upon the death of his father in 1922 he became sole manager, serving in that capacity until 1929, when he retired.

### W. A. Earls' Career

Mr. Earls, who had come to Cincinnati in 1900 with the western department of the Aetna Fire had entered the local agency business in 1910. He purchased the Laws' agency in 1922. Until recently, Georgia Law, a daughter of Charles G. Law, had been associated with the agency as a solicitor. M. E. Kealhofer, a niece of George W. Law, is a solicitor at the present time for the agency. Two of Mr. Earls' sons, T. W.

Earls, vice-president, and John Earls, treasurer, are officers of the agency and Miss F. M. Bossert, secretary, has been with the agency 25 years.

H. C. Conick, assistant United States manager; E. W. Hotchkiss, manager western department, and H. F. Gregg, assistant manager western department, will represent the home office. The Royal will also be represented by B. T. Duffey, manager, and M. W. Slawson, special representative, Cleveland; B. F. Flood, production manager, Columbus; and G. H. Allen, state agent, Cincinnati. Forty solicitors and employees of the agency will be guests.

### Many Old Time Employees

A number of the Laws' agency solicitors' families represented the agency for generations. H. N. Hewitt is the third generation in his family, his grandfather and father both were Laws' agency solicitors before him. L. C. Gartner succeeds his grandfather who was a solicitor over 50 years. Henry Timmerman, who was succeeded at his death by his daughter Henrietta, was with the agency over 50 years.

Mr. Earls is a son-in-law of the late Thomas E. Gallagher, general agent of the western department of the Aetna many years, and brother-in-law of Vincent L. Gallagher, western manager of the Pearl. Mr. Gallagher and the Aetna's western department moved to Chicago from Cincinnati in 1907. Under Mr. Earls' able and progressive leadership, his agency has become one of the leading agencies in the middle west.

## Factory Mutuals May Enter Alabama in 1938

MONTGOMERY, ALA.—The belief is current that after the first of the year some of the factory mutuals will take the steps necessary to qualify in Alabama. Last spring, according to Superintendent Julian about three or four of these companies applied for forms on which to qualify but since that time practically nothing has been heard from them. After the forms were sent, the Alabama supreme court rendered a decision upholding a state law giving municipalities the right to levy as high as 4 percent on the gross premiums of insurance companies, and this 4 percent is now about the average of what is required in all Alabama municipalities.

The heavy municipal tax is thought to be one reason why the factory mutuals have thus far failed to qualify. They found out that for them to do business they would have to pay the state tax of 1½ percent, the fire marshal's tax of .40 percent; and the 4 percent municipal tax, all totaling 5.90 percent, and this they doubtless considered greater than the cost of management.

Whether the state premium tax would be assessed upon the gross deposit premium or upon the net absorbed portion has not been determined, according to Mr. Julian.

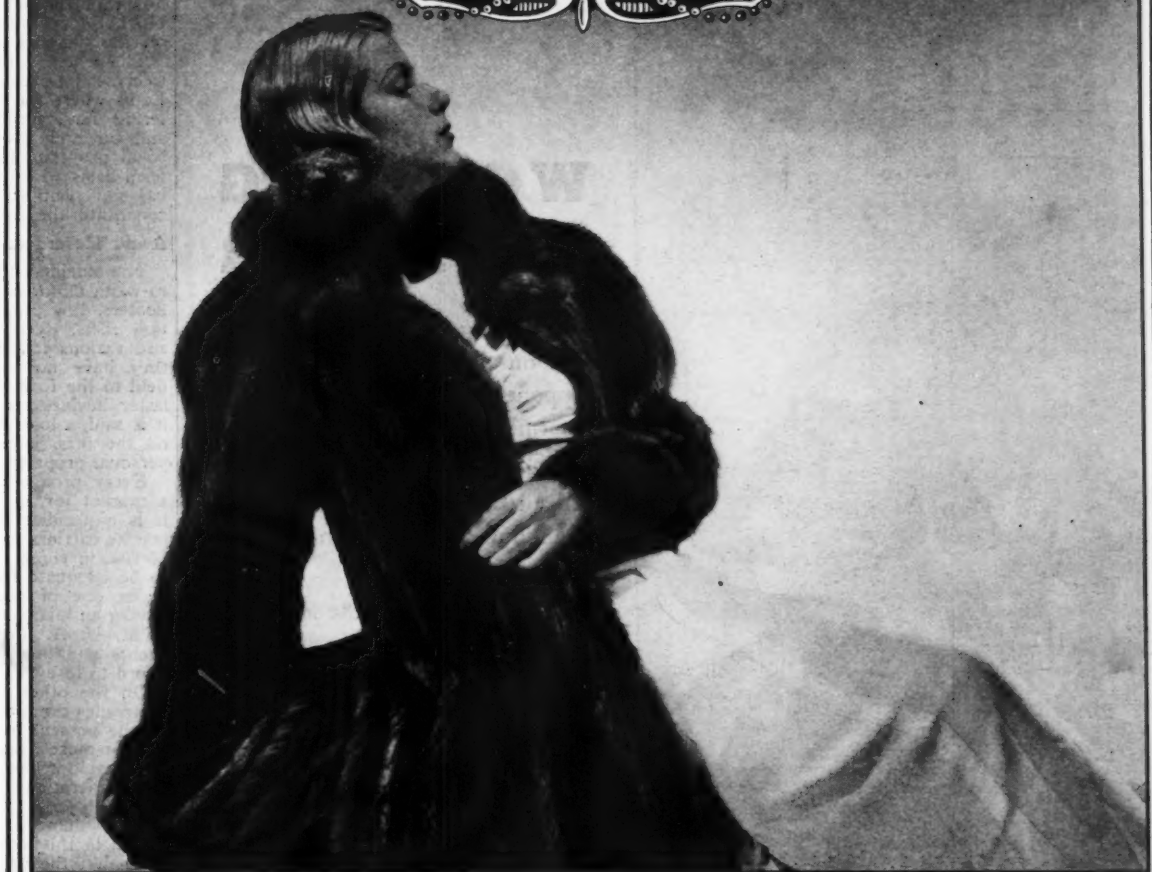
### U. & O. Form Is Clarified

IN THE NATIONAL UNDERWRITER of last week, the report of the address of C. A. Snow, assistant secretary Phoenix of Hartford, before the Rhode Island Association of Insurance Agents, on the subject of the new use and occupancy forms in New England, stated that the new form for mercantile and non-manufacturing risks includes without additional charge 30 days additional time to replace raw stock. This is an obvious typographical error and was probably recognized as such by most readers, since raw stock has no place in the picture of mercantile and non-manufacturing risks. The statement should have read "30 days additional time to replace stock."

### Smith, Frankfort, Ky., Mayor

FRANKFORT, KY. — David D. Smith, of Smith & Lindsey, local agents, was inaugurated as mayor for a new term. Mr. Smith was mayor in 1921-1925.





Furs are valued and admired by almost everyone and yet these highly susceptible garments are exposed to many forms of damage or loss. The ALL RISKS FUR POLICY issued by the COMMERCIAL UNION GROUP protects your prospects and clients against practically all forms of damage wherever the furs may be—at home, outside the home, anywhere in the world. The cost is small but the protection is large.

## COMMERCIAL UNION GROUP

COMMERCIAL UNION ASSURANCE COMPANY, LTD.

AMERICAN CENTRAL INSURANCE COMPANY

COLUMBIA CASUALTY COMPANY

THE PALATINE INSURANCE COMPANY, LTD.

THE CALIFORNIA INSURANCE COMPANY

NEW YORK

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THE COMMERCIAL UNION FIRE INSURANCE COMPANY

ATLANTA

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THE OCEAN ACCIDENT & GUARANTEE CORPORATION, LTD.

THE BRITISH GENERAL INSURANCE COMPANY, LTD.

UNION ASSURANCE SOCIETY, LIMITED

(STOCK COMPANIES)

THESE COMPANIES WRITE PRACTICALLY ALL CLASSES OF INSURANCE EXCEPT LIFE

## Fireman's Fund Changes in Minnesota and Wisconsin

G. E. Borst has resigned as Wisconsin state agent of Fireman's Fund at his own request.

Henry L. Mauritsen will succeed Mr. Borst with headquarters in 828 North Broadway, Milwaukee. Mr. Mauritsen has had broad experience, having been state agent of the company in Minnesota for several years.

He will be ably assisted by Special Agent A. H. Larson.

To assist Agency Supervisor J. W.

Olson in Minnesota Fireman's Fund is transferring Howard Monsen from the Chicago office. Mr. Monsen has been employed by the company for 11 years and is thoroughly grounded in its general policies. His headquarters will be in 915 Plymouth building, Minneapolis.

## Atlantic Mutual to Write Auto

NEW YORK—Atlantic Mutual of New York announces plans to open an automobile department under the supervision of Fred H. Bischoff to write automobile fire, theft, comprehensive and collision. This will round out the com-

pany's facilities as a marine and fire writing office, which will embrace ocean and inland marine, and fire and automobile.

Mr. Bischoff has served for 11 years the Standard Fire of New York as assistant to the manager of the automobile department.

The business will be undertaken at tariff rates and on the usual forms, but subject to the company's participation form.

**"The Background of Fire Insurance"** by W. S. Crawford, noted insurance editor, helps you meet today's problems. \$1.25. Address The National Underwriter.

## Report I. M. U. A. Companies Consider Taking Action

### Inroads of Outside Carriers Which Offer Inducements May Result in Defense Move

There are indications that the companies in the Inland Marine Underwriters Association are just about fed up with the attacks of nonconference companies on the cream inland marine business. Many agents who because of rate, form or commission concessions by the outsiders have been giving the latter their best business which develops a low loss ratio, have been falling back on I. M. U. A. companies as a market for placing the loss producers.

The whole situation is being brought to a head by conditions such as in St. Louis where the outsiders have been offering furs, jewelry, fine arts floaters and fur and jewelry insurance in personal property floaters on a three year term basis which the I. M. U. A. so far has not seen fit to adopt. These lines constitute the low loss ratio business.

### Avoid Hazardous Lines

The outsiders generally are disinclined to write motor cargo, salesmen's sample floaters, low premium rated transportation risks, dyers and cleaners floaters and various tailor-made forms on which they have no experience, leaving this field to the I. M. U. A. companies. This latter business is of a class producing, it is said, a loss ratio nearly double that on the furs, jewelry and fine arts and personal property floater.

Every producer, it is believed, needs a market for special propositions since it is a peculiar province of the inland marine carriers to write almost any kind of risk in some form at a rate deemed to be adequate for the hazard. This is really one of the chief advantages of having an inland marine connection. The I. M. U. A. members, it is said, feel agents and brokers in the field cannot afford to lose this fine market.

On the other hand, the organization companies cannot afford to continue long on the present basis of affording facilities for more hazardous risks and losing the fine low loss ratio business. Company operations are predicated on a spread.

The volume of premium actually involved in this situation is not unusually large, but the principle involved is one which causes I. M. U. A. company officials great concern. As in other types of insurance, the companies which are able to specialize in cream business, making a good profit on underwriting and piling up surpluses, grow rapidly, expand operations and in time take a much more important position in the field.

It is understood the I. M. U. A. companies have held a number of conferences recently, especially on this condition. Whether a course of action was adopted has not been ascertained, but it is believed the companies are now much closer to taking a decided stand and seeing it through.

### James A. Corroon Is Engaged

NEW YORK—Mrs. James Gordon Rows, Jr., of Montclair, N. J., announced the engagement of her daughter, Miss Lorena Brooks Rowe, to James A. Corroon, of Massapequa, L. I. Miss Rowe studied at the Georgetown Visitation Convent at Washington and was graduated from Smith college.

Mr. Corroon is a son of Richard Corroon of Corroon & Reynolds, and for several years has been business production manager for the group companies. As such he has traveled in the United States and in various countries of the far east. He has formed a large acquaintance in the field by attending agency gatherings. He attended Georgetown University and Fordham law school.



## WORKING TOGETHER

Thundering down the field...intent on driving the ball ahead. Opponent pounding in...equally determined to drive it back.

The deciding factor in the play...and all through a polo game...is often how well the man and his ponies work together.

See how the horse on the left leans in to the opponent...crowding him off...helping his rider to a clear swing at the ball.

They are working together all the time.

\* \* \*

"Working together" is just another way of saying cooperation...teamwork. They all express our philosophy of doing business.

The 84-year-old Agricultural—and the Empire State—are steady supporters of the American Agency System. We like to be called...and we try always to deserve the name "Friendly Folks." For it is our aim to back up our agents...to work with them all the time.

Have you a place for another strong company? We shall welcome your inquiry and an opportunity to send one of our representatives at your convenience.

**Agricultural**  
Insurance Company,  
of Watertown, N.Y.

**Empire State**  
Insurance Company,  
of Watertown, N.Y.

EVERY TYPE OF PROPERTY INSURANCE FOR INDUSTRY AND THE HOME





■ A SALUTE TO  
THE STATE OF  
**MISSOURI**

Missouri has 69,420 square miles, 2.29% of the U. S.

Missouri has 3,629,367 population, 2.96% of the U. S.

Missouri has an estimated wealth of \$11,311,000,000, 3.19% of the U. S.

Missouri is a State of unusual advantages. It has an ideal topography, a plateau in the north and west, the beautiful Ozark Mountains in the center and south and rich river bottoms in the southeast. It is also rich in agricultural and industrial resources.

Naturally, therefore, the State has developed along widely divergent lines. It produces forty per cent of the domestic supply of lead ore, while the value of its crops and livestock products is over \$200,000,000.

Shoe manufacturing is the leading single industry, but thirty-six meat-packing plants in and around Kansas City produce a value of more than \$73,587,000. Twenty-one main railroad lines and about 1,000 miles of navigable waterways provide exceptional transportation facilities. One of the bridges over the Mississippi at St. Louis is said to accommodate more freight cars than any other in the world.

St. Louis, in the eastern part of Missouri, and Kansas City, in the western, are two of the most progressive cities in the country.

Three universities, twelve colleges and seven normal schools, the botanical garden and Municipal Open Air Theatre in St. Louis and the Nelson Gallery of Art and the Atkins Museum in Kansas City testify eloquently to the cultural attainments of this great State.

*Missouri insures, with the old established stock companies, \$1,422,411,009 of its property values against fire and pays, annually, \$13,184,035—2.90% of the premiums of the United States.*

**American Equitable Assurance Company of New York**

Organized 1918 Capital \$1,000,000.00

**Globe & Republic Insurance Company of America**

Philadelphia, Pa. Established 1862 Capital \$1,000,000.00

**Knickerbocker Insurance Company of New York**

Organized 1913 Capital \$1,000,000.00

**Merchants and Manufacturers Fire Insurance Company**

Trenton, N. J. Chartered 1849 Capital \$1,000,000.00

**New York Fire Insurance Company**

Incorporated 1832 Capital \$1,000,000.00

**Sussex Fire Insurance Company**

Newark, N. J. Incorporated 1928 Capital \$1,000,000.00

**Corroon & Reynolds**

92 William Street

Incorporated  
MANAGER

New York

*One of a series designed to acquaint insurance men and insurance buyers with a few facts about our country.*

## NEWS OF THE COMPANIES

### Rankin General Manager of Security National

GALVESTON—W. E. Rankin, formerly assistant secretary of Security National Fire of Galveston, has been appointed secretary and general manager. He succeeds T. M. Webb, who is no longer connected with the company. Mr. Rankin has been with Security National Fire about seven years and has been in the insurance business 21 years.

### Crum & Forster Pay Extras

A special dividend of 75 cents on the common stock of Crum & Forster will be paid Dec. 24 to stock of record Dec. 4. Crum & Forster Insurance Shares Corporation declared a special dividend of 95 cents on the Class A and B common stock, payable Dec. 21 to shares of record Dec. 14.

### New Directors of Reinsurer

The presidents of three direct writing fire companies have been elected directors of the Reinsurance Corporation of New York. They are B. M. Culver, America Fore; P. B. Sommers, American, and Montgomery Clark, Hanover.

### Changes in Directorates

NEW YORK—Changes in the directorate of several companies embraced in the Phoenix-London group include the election of Lindsay Bradford, president City Bank Farmers Trust Co., as a director of the Imperial Assurance and of the Columbia of New Jersey. He was already on the board of the Phoenix Indemnity. D. H. Morris, Jr., vice-president Bank of New York & Trust Co., was elected a director of Phoenix

Indemnity, Imperial Assurance and Columbia. E. E. Hanson, vice-president Pennsylvania Company, and G. R. Packard, Jr., vice-president of the Philadelphia agency of Stokes, Packard & Smith, became members of the board of the United Firemen's.

### To Add "H" to Title

PITTSBURGH—Stockholders of National Union Fire at their annual meeting Jan. 10 will act upon a proposed change in the official title to National Union of Pittsburgh. At present it is National Union of Pittsburg, without the "h." The official spelling of the home office city was lengthened after National Union was organized. Stockholders will also vote on a proposal to eliminate the provision for payment of a small fee to directors attending board meetings.

The New Zealand Fire has applied for an Ohio license.

## NEW YORK

### SUGGESTS DRASTIC REFORM ACTION

The report of an examination of the New York Fire Insurance Exchange made by P. J. Molnar in behalf of the New York department recommends legislation giving the state the same degree of regulation over acquisition cost that it has over rates, unless payment of excess commissions is stopped immediately. Unless the exchange can be purged of its dishonest members, the report recommends that the acquisition cost element be subjected to state control.

Mr. Molnar said that excess broker-

age payments during the past six years have produced a critical situation, "shockingly analogous to conditions which led to the disintegration of the exchange's predecessor."

Mr. Molnar reviewed the steps that had been taken by the exchange in an attempt to bring about reform. However, he said the problem of excess brokerage was attacked indirectly, instead of taking concerted action against companies and agents that were known as excess brokerage offices. The exchange undertook to limit and regulate the compensation of agents on the theory that the commission scale allowed would not permit agents to continue excess brokerage payments. This, he observed, did not limit companies doing direct business with brokers.

Examiners for the exchange, according to Mr. Molnar, had the greatest difficulty in their investigation. They have been blocked in any attempt to go beyond routine examination.

### BROOKLYN BROKERS TO MEET

The Independent Brokers Association of Brooklyn will give its 12th annual dinner and dance at the Livingston in that city, Jan. 25 at 6:30 p. m. Representatives of the insurance department and others from the civic and insurance field will be present. The guest speaker will be Insurance Superintendent L. H. Pink and the toastmaster will be Judge Albert Conway, former superintendent. Moe Werbelovsky is chairman of the dinner committee. Peter A. Locke is president of the association.

### PERCIVAL BERESFORD'S ILLNESS

Percival Beresford, who retired a few years ago as United States manager of the Phoenix of England organization, is critically ill in a hospital at Orange, N. J. Since his retirement Mr. Beresford has resided in different points and has kept in touch with the Phoenix office visiting it from time to time. He has lost much weight. He rented a house

### Move Made to Get Midyear Agency Muster at Savannah

W. E. Harrington of Atlanta, past president National Association of Insurance Agents, who was recently in New York City, is heading a movement to try to have the mid-year meeting of the association held in Savannah, Ga. There will be no meeting of the executive committee called before the mid-year conference. Hence the decision as to time and place will be made by mail. The National association management these days studies the hotel facilities carefully before making any move. While many cities were able to accommodate the national body a few years ago, the number has gradually diminished.

Another group desires Asheville as the midyear meeting place.

at Summit, N. J., and had just moved into it.

### AERO UNDERWRITERS AT 59 JOHN

The Aero Insurance Underwriters, heretofore located at 156 William street, New York, have removed their offices to 59 John street, telephone Beekman 3-4161.

### ALL OFFICERS REELECTED

G. F. Sullivan, president, and all other officers were reelected at the annual meeting of the General Brokers Association of Metropolitan District at the annual meeting.

William Cohen, for a number of years with the Van Arsdale & Larkin agency, Wichita, Kan., has opened his own agency in the Union National building and has made application for membership in the Wichita Insurers.

L. C. Horne, local agent at Skaneateles, N. Y., died in a Syracuse hospital after a lingering illness culminating in pneumonia.

# FIRE ALLIED LINES

# REINSURANCE

INTER-OCEAN  
REINSURANCE  
COMPANY

CEDAR RAPIDS, IOWA

90 John St.  
NEW YORK CITY

215 W. 7th St.  
LOS ANGELES

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SAN FRANCISCO



# NO ENGINEER!

The average householder cannot detect what might be dangerous defects in his heating boiler.

Show your clients that our expert inspection service alone, is well worth the small cost of an F. & C. Boiler Explosion Policy.

## America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY  
AMERICAN EAGLE FIRE INSURANCE COMPANY  
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FIRST AMERICAN FIRE INSURANCE COMPANY

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## and Indemnity Group

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THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President  
FRANK A. CHRISTENSEN, Vice-President

*New York, N.Y.*

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

## "Sneaking Shadows Follow Him"

says the Alliance national  
advertising for December.

"Santa Claus attracts  
thieves"—and that's the best  
and biggest reason for tak-  
ing out trustworthy insur-  
ance on costly jewelry, furs,  
and other expensive gifts.  
Theft or harm is easier dur-  
ing the holidays' confusion,  
and so the danger is greater.

Gifts worth getting are worth  
safeguarding. It pays to  
"ASK THE ALLIANCE  
AGENT."



### THE ALLIANCE INSURANCE CO. of PHILADELPHIA

Head Office: 1600 Arch St., Philadelphia  
New York Office: 99 John St., New York City  
Chicago Office: 209 West Jackson Boulevard  
San Francisco Office: 231 Sansome Street

## AS SEEN FROM CHICAGO

### CHICAGO BANK STOCK HOLDINGS

The Cook county assessor has made public the list of stockholders of Chicago banks as of April 1, 1937.

Hercules Life, the Sears, Roebuck & Co. institution, is shown as owning 119 shares of City National Bank.

American Automobile owns 2,967 shares of Continental-Illinois National Bank & Trust Co. American Equitable had 200 shares of that bank; American Mutual Liability, 400; Central Life of Iowa, 8,212; Franklin National, 320; Hanover Fire, 1600; Hartford Fire, 1334; Hercules Life, 14,167; Illinois Fire, 596; Knickerbocker, 200; Liberty Mutual, 450; Maryland Casualty, 760; Sun Life of Canada, 185.

Continental Casualty had 500 shares of First National Bank; Fidelity-Phenix, 240; Hanover Fire, 350; Hercules Life, 600; Phoenix Mutual Life, 150; Springfield Fire & Marine, 150; Travelers Indemnity, 700, and Travelers, 3,500.

Hercules Life had 150 shares of Harris Trust & Savings Bank.

Central Life of Illinois had 87 shares of Northern Trust and Hanover had 230.

Hercules Life inherited its Chicago bank stock from the portfolio of the National Life U. S. A., which Hercules reinsured after receivership.

Central Life of Iowa inherited its bank stock from the Illinois Life in a similar transaction.

City National Bank stock is selling in the neighborhood of \$100 a share, Continental Illinois \$87, First National \$210, Harris Trust \$275 and Northern Trust \$512.

### ROGERS HONORARY FIRE CHIEF

Harry K. Rogers, fire department engineer of the Western Actuarial Bureau, has been presented with a badge, inscribed as honorary chief of the Chicago fire department. The presentation was made by Fire Marshal Corrigan, in recognition of Mr. Rogers' cooperation with the Chicago department in staging the first annual fire department tournament and exhibition last Labor Day.

### ROUND TABLE ANNUAL MEETING

The annual gathering of the Knights of the Round Table of Chicago—a group of insurance men that eats at the same table in the Union League Club—is to be held next Saturday afternoon. The nominating committee consists of J. S. Glidden, manager Chicago Board, chairman; S. H. Quackenbush, western manager Westchester, and S. M. Buck, western manager Fireman's Fund.

W. R. Townley, Underwriters Salvage Company of Chicago, is president; A. F. Powrie, western manager Fire Association, vice-president; C. E. Ingram, agency superintendent Great American, scribe, and W. H. Lininger, vice-president Springfield F. & M., treasurer.

### INSURANCE OVER THE TOP

The insurance division of the Chicago Community Fund campaign, with a quota of \$75,000, finished with contributions of about \$77,500. This was one of the best records of any of the major divisions. At a luncheon winding up the campaign, Dr. H. W. Dingman, vice-president Continental Assurance, in announcing the results of the insurance division, was heartily applauded.

### HERRMANN & CO. EXPANDS

George Herrmann & Co. is consolidating its offices on the 20th floor of the Insurance Exchange building in Chicago and is taking additional space.

### RATIFY SALVAGE COMPANY PLAN

The stockholders of the Underwriters Salvage Co. of Chicago at a special meeting this week ratified the recommendation of the directors for the conversion of bonds and notes into preferred stock in order to relieve the com-

pany of obligation under the old plan. The new general manager, Marvin Brownlow will take charge the first of the year and will then decide what changes are necessary to promote the interests of the company.

### KENDALL MADE CHAIRMAN

The insurance division of the Illinois chamber of commerce has announced that President George R. Kendall of the Washington National of Chicago with executive office in Evanston, Ill., has been made chairman of the executive committee of the division, replacing H. A. Behrens, chairman Continental Casualty and president Continental Assurance. As announced, President E. A. Olson of the Mutual Trust Life becomes chairman of the division replacing James S. Kemper, president of the Lumbermen's Mutual Casualty. Mr. Kemper had served as chairman of the executive committee when Mr. Behrens was chairman of the division. Mr. Kendall is an active man in the business, very highly regarded and has a wide acquaintance. His company is well ordered and is growing solidly. With Mr. Olson as chairman of the division and Mr. Kendall as chairman of the executive committee, the division is assured of a substantial administration.

### INSURANCE CLUB MEETING

The second meeting of the revived Chicago Insurance Club will be held Friday evening of this week in the Chicago Board auditorium with W. F. Kuffel, Phoenix of Hartford, presiding. C. R. Welborn, secretary Underwriters Laboratories, will exhibit moving pictures demonstrating some of its activities. Mr. Kuffel will then seek to have any present who desire to ask questions regarding insurance do so and an attempt will be made to answer them. The organization meeting of the club when officers will be elected will be held in January.

### SANDERS JOINS JAMES OFFICE

Raymond Y. Sanders, until recently vice-president and treasurer of the Rockwood Company, is now associated with Fred. S. James & Co. in their direct production department, devoting the major portion of his time to life insurance. Mr. Sanders graduated from the University of Wisconsin in 1911 and entered the insurance business in 1915 with the then Rockwood-Badgerow Company.

In addition to agency organization work, Mr. Sanders has acquired a large personal business, especially in life insurance. He has been the leading life producer in the west for the Travelers for many years and frequently has been rated among the first ten on their national leaders' list. Fred. S. James & Co. represents the Travelers as general agents for life insurance. Samuel Leland, Jr., life department manager, will have the benefit of Mr. Sanders' counsel and experience in organization and production work.

### W. C. BOND IS HONORED

The western department proper of the Sun tendered W. C. Bond, retiring automobile superintendent, a dinner Tuesday on the eve of his taking up his new work with the C. C. Bland & Co. agency in St. Louis. Manager C. W. Ohlsen presided. The guest of honor was given a desk set.

C. C. Hewitt of the Boston agency of Bolt, Dalton, Church & Hamilton, was in Chicago this week on business.

### AGENCY WANTED

Wish to purchase outright or a substantial interest in modest sized local agency in middle or southwest, prefer Wichita, Hutchinson or Topeka, Kan., Tulsa, Okla., Dallas, Fort Worth or Houston, Tex. Give complete details in first letter as to volume, class written, companies represented, also price.

ADDRESS G-75, NATIONAL UNDERWRITER



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This month's North America national advertising makes a logical tie-up with the Christmas Season to point out the need of insurance protection for furs, jewelry, silverware, cameras, musical instruments and other gifts of value. And again the importance of complete protection for home, furnishings, car, business and other possessions is stressed. For advice as to what policies he should have, the reader is urged to consult the North America Agent in his vicinity.

See our advertisement in the December 27th issue of LIFE, December 6th issue of TIME, and December 25th issue of BUSINESS WEEK.

## **INSURANCE COMPANY OF NORTH AMERICA PHILADELPHIA**

and the  
**INDEMNITY INSURANCE CO. of NORTH AMERICA**  
*write practically every form of insurance, except life.*

Founded 1792

Capital \$12,000,000

Surplus to Policy Holders, over \$73,000,000

## NEWS OF FIELD MEN

### W. E. Mallalieu, Jr., Goes to Boston for L. & L. & G.

NEW YORK—W. E. Mallalieu, Jr., for the past two years special representative for the service department of the Royal-Liverpool groups in the territory supervised from Kansas City, will on Jan. 15, be located in Boston. He will cover the New England field for the service department of Liverpool & London & Globe.

His successor at Kansas City will be J. W. Hartney, to be transferred from the Oklahoma field. The office of Mr. Hartney will be in the Fidelity building.

Mr. Mallalieu is the son of W. E. Mallalieu, general manager of the National Board.

### Peterson Succeeds Dunn

The Employers Fire has appointed C. F. Peterson special agent for Maine, New Hampshire and Vermont succeeding Eugene D. Dunn, who has gone with the Hanover Fire. He has been with the Employers since 1929. He will make his headquarters in Manchester, N. H.

### Stabler in Pennsylvania Field for Corroon & Reynolds

NEW YORK—Frank L. Stabler succeeds the late Walter Evert as eastern Pennsylvania state agent for the Corroon & Reynolds companies, making headquarters at Philadelphia. He has been located at the head office of the group here for sometime, prior to which he traveled the Kentucky and Tennessee fields for the companies for several years.

At the same time Arthur Cox has been named by Corroon & Reynolds as special agent in eastern Pennsylvania, with headquarters at Wilkes-Barre. He has served as an examiner for some time at the head office. In his new post Mr. Cox succeeds Philip O'Connell, recently resigned to join the New Hampshire Fire.

### Field Men Hear Owen Wilson

W. Owen Wilson of Richmond, immediate past president of the National Association of Insurance Agents, was the

guest speaker at the December luncheon-meeting of the Fire Insurance Field Club of Virginia, giving highlights of the convention at Dallas and outlining some of the trends in insurance today.

### Farewell Dinner Given for C. A. Morhard

DETROIT—Thirty-five friends of C. A. Morhard, special agent New York Underwriters, who has just been transferred from Michigan to southern Illinois, with headquarters at St. Louis, gathered for a farewell party here.

W. T. Benallack, secretary Michigan Fire & Marine and wielder of the Michigan Blue Goose, was toastmaster and introduced a number of field men. He presented Mr. Morhard a fountain pen set on behalf of his friends in the field here.

A. N. McDougall, Royal Exchange; G. H. Haage, Norwich Union, J. A. Rogers, North America, and R. J. Price, New York Underwriters, were in charge of the party.

### McLin Succeeds Deal in Atlanta

NEW YORK—In succession to H. R. Deal, who has been called to the head office of the Hanover Fire as as-

sistant secretary, Earl G. McLin, Jr., has been appointed special agent for the company in Georgia and Alabama, and will assume the connection Jan. 1, making headquarters in the Trust Company of Georgia building, Atlanta. Herebefore he has been special agent in Alabama and northeast Mississippi for the Godchaux & Mayer general agency.

### Complete Plans for Illinois Field Meets in January

The mid-year meeting of the Illinois Fire Underwriters Association at the Marquette Hotel in Peoria, Jan. 12, promises to be a very interesting occasion. F. W. Sundlof of the Hartford is president.

Officers and committee chairmen of the Illinois Blue Goose at a luncheon meeting Monday decided to hold the annual dinner in Peoria, Tuesday, Jan. 11. This affair will be open to guests and there will be entertainment. The Peoria puzzle will handle the local details. R. H. Gregg, Crum & Forster, Harold Hanson, Travelers Fire, and M. C. Jones, Western Adjustment, will handle the arrangements. The annual Blue Goose business meeting will be held some time the next day, the meeting to be sandwiched in between sessions at the mid-year meeting of the Illinois Fire Underwriters Association.

In view of the fact that the dinner Jan. 11 is to be open to guests, an initiation will not be held at that time. It may be that a dinner and initiation will be held in Chicago some time in March.

Vaughn Moore of Reliance Mutual Life of Chicago attended the Monday luncheon. He reviewed the proposal that he had submitted previously for offering life insurance to Illinois Blue Goose members on the 10-year renewable term plan. The Blue Goose leaders decided that they did not want to go on record as officially approving the proposal, but they agreed to send out a letter to members, stating that such a proposal had been made and that the officers are willing to have Reliance Mutual solicit those members individually, who reply that they are interested. The details of the plan will be set forth in this letter. The Blue Goose as an organization will not participate in the transaction. All dealings will be between Reliance Mutual Life and the individual.

### L. H. Singleton Joins Sun

L. H. Singleton has joined the Sun as special agent in Oklahoma assisting State Agent J. C. Dulany, who is one of the veterans in the state. Mr. Singleton is a Texan. For the past 2½ years he has been traveling in Oklahoma with headquarters in Milwaukee, is being Gross R. Scruggs & Co. general agency of Dallas. Previously for several years he had been in Dallas connected with general agencies.

### Murphy to Cincinnati

D. E. Murphy, special agent of the Employers Fire in Wisconsin, with headquarter in Milwaukee, is being transferred to Cincinnati. He will travel out of that city in a large territory, including a portion of Kentucky. Appointment of Francis Henze to succeed Mr. Murphy in Wisconsin was announced recently. Mr. Henze will maintain headquarters in the Employers Fire office in the Guaranty building, Milwaukee.

### N. Y. Field Men to Hear Piper

ROCHESTER, N. Y.—The Western New York Field Club is having a speaker at its bi-weekly luncheon meetings. At the last two meetings the speakers have been Richard Shepherd of the Rockwood Sprinkler Co. and Hugh Riss, Buffalo attorney. The speaker at the meeting Dec. 18 will be R. Foster Piper, chairman of the joint legislative committee on the recodifica-



## Merry Christmas

CHRISTMAS is a time for friendly people. Old friends and new friends—we think of them all when Christmas comes. . . . So once again the Ohio Farmers says with utmost sincerity—"Merry Christmas." It's an old, friendly greeting from an old, friendly Company—a greeting not only for our own "Ohio Farmers family" but for our many friends whom we meet more occasionally. Merry Christmas, we say—and a merry, friendly Christmas we hope it will be for you.

CHARTERED 1848 • LE ROY • OHIO

**OHIO FARMERS**  
**INSURANCE COMPANY**



# NOW IS THE TIME

as the year draws to a close, to take a few minutes for serious reflection. To look back over the year and see how the plans so carefully laid out at the beginning have materialized. Have all of your assureds received the attention to which they were entitled—and which you promised yourself to give them this year? Have they been kept informed of all changes in coverages, of all rate changes? Have you taken every advantage of your field representatives' suggestions and ideas? Have you conscientiously used the advertising material furnished by your companies at considerable cost?

## CRUM & FORSTER

M A N A G E R S

Have you fulfilled your firm determination to see that every assured on your books was fully and adequately insured against any possible catastrophe? If you have you are to be congratulated, as you undoubtedly represent a modern, aggressive group of companies. Crum & Forster agents honestly answering the above must realize the comprehensive assistance offered by their companies toward enabling them to answer these questions satisfactorily. Should you be interested in such an agency connection—get in touch with our nearest office for an interview with one of our representatives.

### 110 WILLIAM STREET, NEW YORK CITY

United States Fire Insurance Co.  
The North River Insurance Co.  
Westchester Fire Insurance Co.  
Richmond Insurance Co.  
The Allemannia Fire Insurance Co. of Pittsburgh  
Western Assurance Co., U. S. Branch  
British America Assurance Co., U. S. Branch  
Southern Fire Insurance Co., Durham, N. C.

Organized 1824  
Organized 1822  
Organized 1837  
Organized 1907  
Organized 1868  
Incorporated 1851  
Incorporated 1833  
Incorporated 1923

Western Dept.  
Freeport, Ill.  
Southern Dept.  
Atlanta, Ga.  
Carolinas Dept.  
Durham, N. C.  
Pacific Dept.  
San Francisco, Cal.  
Allegheny Dept.  
Pittsburgh, Pa.

tion of the New York insurance laws. John E. Forbes, special agent of the Sun, is president.

### New Montana Special Agent

The St. Paul Fire & Marine has appointed Earl E. Jones special agent in Montana, to succeed J. G. Hallberg, recently resigned. His office will continue at 400 Strain building, Great Falls.

### Inspect Des Moines Jan. 25-28

An inspection of Des Moines will be conducted Jan. 25-28 by the Iowa Fire Prevention Association. It will be the first for more than 10 years. About 100

field men are expected to take part. R. E. Vernor, Western Actuarial Bureau, will speak at a banquet. H. K. Rogers will stage his clown act and talk to students.

### Carolina Blue Goose Rally

The winter meeting of Carolina Blue Goose was held at Sedgefield Inn, near Greensboro, N. C. Some 75 members and their wives attended. Grand Custodian J. R. Knowlan and Mrs. Knowlan of Philadelphia were guests. The morning and afternoon were given to business and plans were discussed for entertaining the grand nest when Carolina

pond will be host in 1941. In the evening a banquet was held, past Most Loyal Gander R. S. Busbee, acting as toastmaster.

### Bush Moves to Albany

Special Agent C. I. Bush of the Glens Falls, who was formerly stationed in the head office city, has now established headquarters at 42 Howard street, Albany, telephone 3-4401.

### Bay State Club to Meet

BOSTON—The Bay State Club, composed of Massachusetts special agents, will meet Dec. 17. The Rockwood

Sprinkler Company sound movie, "Modern Magic in Fire Protection," will be presented. General Adjuster James J. McDewitt of the Fire Companies Adjustment Bureau, Boston, will also give the first showing of his own motion picture film of the American Legion pilgrimage to Europe the past summer.

### Hear Talk on the Moon

At the San Francisco Blue Goose luncheon meeting Dec. 13, E. G. Linsley, director of Chabot Observatory, gave an illustrated lecture on "Our Nearest Neighbor—the Moon." R. R. Chapman, vice-president of Corroon & Reynolds, of California, presided.

### Honor Gibson at Columbus

A. R. Gibson, who has left the Hanover to go to the new Buckeye Union Fire, was tendered a farewell dinner by about 30 of his friends in Columbus, O. He was presented a desk set. A. C. Guy, Columbus, manager Western Adjustment, was toastmaster and speakers included F. E. Jones, president of the Buckeye; Paul F. Brown, Mr. Gibson's successor as Ohio state agent; E. W. Kobman and John Rygel, resident secretary of the Hanover, Chicago.

### Oklahoma Blue Goose Function

The annual Oklahoma Blue Goose dinner dance is scheduled for Dec. 20 at the Oklahoma City Golf & Country Club. George W. Kline, manager of the Fire Companies Adjustment Bureau, is general committee chairman, assisted by Mrs. John N. Jones, chairman of the ladies committee.

### Oklahoma Field Men Elect

The Oklahoma Fire Underwriters Association named Paul L. Slater, America Fore, as president for the ensuing year; W. G. McCoy, Fireman's Fund, vice-president, and Charles H. Cowan, general agent, secretary. Members of the executive committee elected for two years were Joe Fears, Commercial Union, and Wade Wissler, Automobile of Hartford. Eugene P. Goetzinger, Century Fire, was elected to serve one year.

### Are Consumer Cooperatives and Mutuals Kinfolk?

Frank C. Beazley, secretary Minneapolis F. & M., is the author of this communication:

"I have read with interest an article on page 6 of your Dec. 2 issue, wherein it is mentioned that the mutual companies resent being compared with consumers cooperatives.

"This article is doubly interesting in view of the action taken by the Iowa Association of Mutual Insurance Agents regarding the Farm Bureau, or Farm Credit Association, considering the organization of a stock company to handle insurance on their mortgage interests.

"In this instance, the mutuals argue the point that cooperatives should deal with other cooperatives, such as mutual companies. However, this is not surprising to me, as many of their other arguments used in an effort to discount the superior value of stock company coverage are equally inconsistent."

### Oklahoma Compress Rate

OKLAHOMA CITY—The Oklahoma Insurance Board Monday reduced the base fire insurance rate on cotton compresses from \$1.50 to 75 cents. The board decided to investigate the minimum charge of fire insurance on baled cotton in storage with a view of making adjustments if found advisable.

### Death of Davenport Agent

DAVENPORT, IA.—H. Frank Camp, 60, owner of Dan B. Horne Co. agency for many years, died here Tuesday. He retired Nov. 1 because of ill health.



PHILIP D. GENDREAU, N. Y.

## AS EASY AS THIS—IF YOU KNOW HOW

"Mail Advertising for Local Agents" is the title of a booklet that will tell you how to get the most out of the money you spend for mail advertising. "Prospect and Mailing Lists" is the name of a booklet that will help you build a profitable clientele.

Progressive agencies use mail advertising to tell prospects and clients about insurance service. We publish this booklet to help agents get more and better business.

A copy is yours for the asking. Have you one?

The  
MANHATTAN  
Fire and Marine Insurance Company

The  
LONDON ASSURANCE  
Ninety-Nine John Street, New York

The  
UNION FIRE  
Accident and General Insurance Company



## Property Floater Liberalizing Is Urged in Michigan

### Gibbs Asks Lansing Agents Group to Help in Securing Approval of Sale of Form

LANSING, MICH.—A plea for agents' cooperation in obtaining approval of the Michigan insurance department for sale of personal property floater coverage was made in an address before the Lansing Association of Insurance Agents by Earl Gibbs, assistant secretary Boston and Old Colony western department offices here, on "Inland Marine Coverages." Mr. Gibbs said Michigan is almost the only state barring this form, which has proved a volume-builder in other states and has filled a definite need.

State Senator Harry Hittle, Lansing, member senate insurance committee, also spoke. W. O. Hildebrand, new field secretary of the state association, who came from Muskegon for the meeting, was introduced and spoke briefly. Ray Throop, president Lansing board, announced the new secretary will be the main speaker at the Jan. 11 dinner meeting of the local association.

#### Example of Other States

Mr. Gibbs explained that Michigan commissioners have taken the attitude the personal property floater form could not be written by fire carriers because it infringed on casualty jurisdiction, rigidly separated from fire lines in this state, and could not be written on a standard form, whose terms are prescribed by statute in this state. He said, however, some other states where similar rigid restrictions existed have liberalized their laws or departmental regulations to permit use of the form with general benefit to companies, agents, and the insuring public. He said agents' opposition to the line that it pays only 20 percent commission, is fallaciously based on the assumption greater return can be obtained on an ordinary fire coverage of the same goods. Considering broader coverage provided, however, and widened opportunities for sale of the floater, he said, net return to the agent is greater than on fire coverage paying 25 percent commission.

#### Bolsters Premium Volume

Various inland marine coverages were outlined, Mr. Gibbs urging that agents push them in order to supplement shrinking income from fire business. Fire premium volume, he said, has been steadily declining until recently and is likely to drop again due to the current business recession.

The name "inland marine," he said, is unfortunate as it has confused many agents and prevented adequate promotion of the wide range of useful coverages it includes. He stressed possibilities in this field among mercantile and industrial clients, particularly as to providing them with adequate transit coverage, now too often neglected. New prospects worth cultivating, he said, are candid camera enthusiasts, many of whom have high-priced equipment which they would gladly insure under camera floaters. Stamp collectors also are good prospects. He urged agents to have their solicitors make inventories for buyers of fire coverage, thus providing a service to clients which almost invariably, he said, uncovers excellent prospects for various inland marine forms.

Senator Hittle gave credit to C. B. Smith, Lansing, former president National Association of Insurance Agents and chairman state association's legislative committee, for enactment of the agents' qualification law by the 1937 legislature. He said this is one of the best laws placed on the statute books.

#### J. D. Lester in Chicago

Vice-president J. D. Lester of Globe & Rutgers was in Chicago this week looking over the field with the view of appointing a successor to Harry T.

Johnson who is entering the local agency business in Chicago. Mr. Johnson has been state agent with jurisdiction over several middle western states.

#### Hurd in New York

E. R. Hurd, general manager of the Home's Chicago office, is visiting company headquarters in New York.

#### Aetna Fire Pays Bonus

Directors of the Aetna Fire have declared a bonus to employees amounting to three-quarters of one month's salary.

## J. H. Doyle Urges Concerted Action to Clean Up Status of Agents and Solicitors

In answer to inquiry from an Ohio agent, J. H. Doyle, general counsel of the National Board, states that there has been no decision from the internal revenue bureau that solicitors, working on a purely commission basis for an agency, are independent contractors and not employees within the meaning of the federal social security act. Whether

the solicitors are employees will depend upon their contract of employment by the agent and the element of domination or control the agent exercises over them, according to Mr. Doyle.

The Ohio statute in referring to solicitors states that an agent "may employ such solicitors." That is unfortunate phraseology, Mr. Doyle observes, because it indicates the relationship of the agent being an employer. This inference, however, can be offset by proof.

"As you know," Mr. Doyle stated, "we have had great difficulty in getting

(CONTINUED ON PAGE 42)

## "WHAT A DIFFERENCE A FEW MINUTES MAKE!"



THEY FOUGHT  
a brave battle—but *they*  
*were licked before they*  
*started.* By the time the  
blaze was discovered...

by the time the alarm was sent in...  
the flames already had gained hopeless  
headway.

Belated discovery...delayed alarm...these  
are the underlying causes behind nine out of  
ten serious fires. They are hazards which can  
be eliminated only through a modern fire pro-  
tection system which detects and reports fire  
*automatically and instantly.*

With an Aero Automatic Fire Alarm System  
protecting the premises, fire will not get a  
head-start. Aero detects fire at its inception,  
and automatically summons the fire depart-  
ment direct to the premises. Aero is easy to  
install, inconspicuous in appearance, adapt-  
able to any size or type of building. No capital  
outlay is required for installation. Write for  
complete information.

### AERO AUTOMATIC FIRE ALARM

Controlled Companies of AMERICAN DISTRICT TELEGRAPH CO., 155 Sixth Avenue, New York, N. Y.  
Central Station Offices in all principal cities.



A NATION-WIDE PROTECTION SERVICE  
AGAINST FIRE, BURGLARY AND HOLDUP

## EDITORIAL COMMENT

### Sticking to Economic Laws

MANY bad practices in insurance are developed in the agency field. We may accuse companies of lending their machinery at times toward bad practices and yet these same companies would not get very far if they were not encouraged in this direction out in the production field. Perhaps the most aggravating situation is caused by those companies and agents that engage in practices that mean ultimate business suicide. No company can violate economic and business laws that have been proved sound by long years of practice, and expect to live. The history of insurance is filled with evidences of company wrecks, all due to an overweening management. There is a very clear and straight road marked out and when a company departs too far from it, its end is in sight.

After all, we must give credit to the organizations for setting standards, establishing rules and pointing out principles that should be followed. The members of these institutions contribute to what we know as the general welfare of the business. They realize that it is necessary to make some sacrifices and to be at some inconvenience but they

appreciate the need for the maintenance of stability in the business. Not all independent companies run wild. Some stick very closely to the trodden road. There are others that try to defy the laws of experience and eventually they come to grief.

When a company attempts to subtract something from the business which does not rightfully belong to it and uses devious methods in so doing, it materially weakens the structure. For the time being, it may gain temporary success. The moment, however, it attempts to secure business by any other method than its own merit and strength, it discredits itself.

When we look over the long years of insurance we are all impressed with the fact that those companies and those agencies are permanent, that follow well established practices and principles. Such agents recommend to their policyholders insurance that has the elements of permanency and offer indemnity in companies that are managed by men of experience, who appreciate their responsibilities and who are not speculators and plungers. They are not adventurers.

### State Associations and Midyear Meetings

SOME of the state associations of insurance agents are now holding mid-year meetings and injecting into the programs more and more educational and informative material in contradiction to features that deal only with generalities. The mid-year meeting might well be given over very largely to a program of practical benefit.

The educational side of insurance is being stressed more and more. The state associations can do much to promote this feature. We all need to know more about our business, become better informed and more capable of rendering the highest kind of service. Meetings of this type can be made most valuable.

### Harmonious Action Spells Victory

It is a difficult task to chart the course of insurance these days or to map out a program because the picture changes rapidly and abruptly at times. Executives have been content to go along endeavoring to meet the demands upon them from day to day and solve the problems confronting them. The difficulties at times have been distracting and complicated. Sometimes the burden was almost overwhelming. Notwithstanding the obstacles and the rough paths, insurance has given a very good account of itself and has stood the strain better than almost all enterprises. If people had as good foresight as they have hindsight now, many situations that turned out tragically could have been obviated.

The future of insurance naturally depends on economic and business trends in this country. Insurance is tied up definitely and tightly with business and credit. Therefore, it is affected by any untoward

circumstances which unfavorably influence the normal course of business.

Perhaps no one has the vision and the prophetic insight to point the way insurance should take. We do not know whither we are going. Plautus, the Roman dramatist, described a man who ran across a winding stream, and, wishing to get to the sea, followed it. There seemed to be no other guide or landmark.

Inasmuch as one cannot peer very far into the future, it behooves the insurance forces to stand solidly together. We should recognize the fact that all the elements in the business are essential. The companies must have administrative talent and they require business producers. Neither side should allow any machinery that it invokes in its behalf to be used by other members of the same family to the disadvantage of the business itself. That is, all the devices of insurance should be for the benefit

of the entire household. The companies should not find it wise to bring into operation a new enterprise that can not be used to the decided advantage of the agents. All these factors should be properly controlled.

If insurance people, wherever they are, can walk side by side in unison they can

gain their objective, even though the horizon today be dull and the light obscure. The harmonious working of all in the household, each fitting into his proper niche, and sincerely regarding the rights and privileges of the other, will count for much in the evolution of the business.

## PERSONAL SIDE OF BUSINESS

**T. R. Eason** of the Eason & Co. agency, Fayetteville, Ark., was married to Miss Dorothy Jopling of Texarkana, Dec. 15.

The last few months, **Roy F. Nicholson**, Wisconsin state agent Michigan F. & M., has given his talk, "The Motto of a Great Business," before the Rotary Clubs of Port Washington, Thiensville and Menomonee Falls. This address deals with the services developed by organized stock fire companies to give, over and above the payment of losses, something that benefits the country as a whole.

**A. M. O'Connell**, general manager Eureka-Security Agency, Cincinnati, is the father of an 8-pound boy, his first child. Mrs. O'Connell and the baby are doing nicely.

**Fred W. Lahr**, advertising manager of the Lumbermen's Mutual of Indianapolis, has been elected president of the Indianapolis Advertising Club.

**W. E. Kingsley**, state agent Travelers Fire, Louisville, was held up there in broad daylight, when he stopped at a red light at an intersection. Fortunately he had only \$3 in his pockets.

**I. E. Kerr** of Kerr, Lacey & Scroggie, Detroit insurance attorneys, has been appointed chairman of the insurance committee of the Detroit Bar Association.

**C. W. Bailey**, chairman of the board of the American of Newark and its affiliated companies, will celebrate his 61st anniversary of service with the company Dec. 16. He started with the American in 1876 as an office boy.

The mother of **W. A. Bartlett**, Pacific Coast manager of National Reserve and Reserve Underwriters, and **W. F. Bartlett**, Stockton, Cal., manager of Fire Companies Adjustment Bureau, died at the Monmouth Hospital, Monmouth, Ill., at the age of 82. Funeral services were held at Galesburg, Ill. Her husband, who died a year ago at the age of 81, was in the insurance business in Galesburg about 50 years.

**M. T. Bruner**, a brother-in-law of W. A. and W. F. Bartlett, is connected with the Bruner-Quimby agency of Monmouth.

**Byron R. Ward**, who is connected with the Meade Investment Company of Topeka, Kan., a prominent local agency, has been elected president of the Topeka junior chamber of commerce.

**J. D. Woley**, attorney in H. E. Cotter & Co., Chicago insurance office, and former member of Silber, Isaacs, Silber & Woley, Chicago legal firm which represented the Western Insurance Bureau in years past, died this week at the age

of 77. He had been connected with Mr. Cotter since his legal firm disbanded, doing general law work. He was an able corporation lawyer. Mr. Woley, graduate of Kent College of Law, Chicago, for 25 years after his schooling ended was attorney for the First National Bank, Chicago. He was Mr. Cotter's father-in-law.

**Will F. Lake**, Hot Springs, Ark., local agent, is the first donor of a \$1,000 pledge to the Elise A. Lake Foundation for Cooperation with the Arkansas University School of Medicine Free Cancer Clinic. He has been named life honorary chairman of the board of control. Mrs. Lake, who was killed in an automobile accident two months ago, was a leader in cancer control work in the state.

Miss Constance Lee Parker, daughter of **A. L. Parker**, special agent America Fore, Little Rock, Ark., was married there to Lee Cook Allen.

Although still the city golf champion, **J. Davis Ewell, Jr.**, agent at Richmond, Va., for the Mutual Life of New York and a son of the president of the Virginia Association of Insurance Agents, last week lost in his effort to win championship of Hermitage Country Club of that city. He was defeated by **Malcolm Jones**, one up, in the 36-hole finals. Mr. Jones is Virginia special agent for the Dixie. He has long been one of the outstanding golfers in Virginia.

**Stuart Ragland**, well known local agent of Richmond, Va., and long prominent in civic activities, has been appointed promotion chairman of the Christmas Mother fund in that city. He was especially active in the recent Community Fund drive.

**H. A. Wills**, 53, vice-president and assistant treasurer of the Wills Insurance Agency of Bennington, Vt., in which his brother, Lieutenant Governor W. H. Wills, is a partner, died suddenly from a heart attack. He had been associated with the agency for 15 years.

**Phil J. Braun**, prominent local agent of Flint, Mich., has been under observation in a hospital in his home city.

**J. T. O'Brien**, 77, Spokane, Wash., local agent, died there from meningitis. He was a newspaper man at Anaconda, Mont., in the early '90s, and later in insurance work in Butte before removing to Spokane. His son and daughter-in-law will continue the agency.

The friends of **George C. Wallingford**, who retired some five or six years ago as branch secretary of the Atlas Assurance but who continued as vice-president and a director of the Albany, its running mate, will be pained to learn of his very severe illness at his home in Port Washington on Long Island. Mr. Wallingford



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has kept in good trim and occasionally visits the Atlas office at its U. S. headquarters, 55 Fifth avenue, New York City. On his retirement he took up local politics and was elected a commissioner in his bailiwick. He gave this much attention and had just been through a campaign, being reelected. Before going to New York Mr. Wallingford was chief accountant in the western department of the Atlas in Chicago. He is about 70 years of age.

**Morgan B. Brainard, Jr.**, assistant treasurer of the Aetna Life, has been named police commissioner by Mayor Spellacy of Hartford.

**Christian Rebman**, secretary of the Hartford County Mutual Fire, died in Hartford after a short illness. Before he went with the company in 1925 he was a New York insurance department examiner.

**George H. Holden**, who died in St. Barnabas Hospital, Newark, N. J., Dec. 13, was an insurance broker and a former insurance newspaper man. He was stricken with a heart attack two weeks before while attending church in Belleville. He was born in Chicago in March, 1881, and graduated from Trinity College in Hartford in 1902. He became an agent of the Equitable Society in Providence, R. I., and later took up newspaper work, being employed in various capacities by daily papers. At one time he was city editor of the New Brunswick, N. J., "Home News" and the "Daily Press." For some time he was correspondent for THE NATIONAL UNDERWRITER in New York City. In 1905 he became assistant editor of the "Weekly Underwriter."

Several years ago he purchased the "Surveyor," an insurance journal, and also the "Insurance Age," both of which he published for a number of years. He sold the "Insurance Age" and went into life insurance with the Aetna Life.

## Pioneer Dead



EDWARD S. HAWLEY

**BUFFALO**—Edward S. Hawley, head of Woodworth-Hawley Company, charter member of the New York State Association of Local Agents, its president in 1907 and a past president of the Buffalo Association of Fire Underwriters, died Sunday at the age of 91. The funeral was held Wednesday from the North Presbyterian Church. Mr. Hawley was the oldest agent who attended with any degree of regularity the meetings of the National Association of Insurance Agents. Until a couple of years ago he seldom missed.

Naturally he was very much interested in the organization since his partner, the late C. H. Woodworth, was a charter member of the National association, at-

tended the memorable meeting at the Great Northern Hotel in Chicago when it was organized and served as one of its earliest presidents. Mr. Woodworth was a power in the organization until his death. He was one of the best known of its members, one of the highest minded and one of its greatest. The last time that the National Association of Insurance Agents met in Buffalo a group of the old friends of Mr. Woodworth went to the cemetery and dedicated a fitting stone to his memory. C. F. Hildreth of Freeport, Ill., one of Mr. Woodworth's conferees, who also was a past president, gave the dedication address.

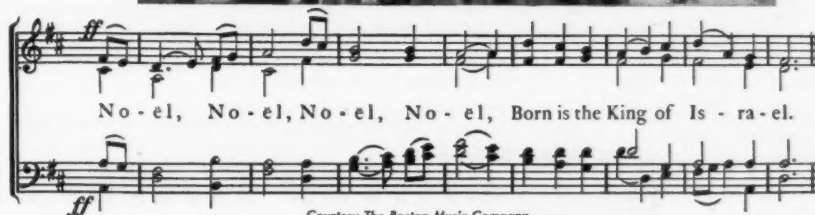
In tribute to Mr. Woodworth the National Association of Insurance Agents has the Woodworth trophy which is awarded each year to that agent, outside of the officers and executive committee of the National association, who in the estimation of the committee has performed the greatest service to the agency cause.

Mr. Hawley entered the insurance business shortly after the Civil War. Mr. Hawley was a grown boy when Abraham Lincoln was elected President of the United States; in fact, he heard Lincoln speak twice before he was elected President. Grover Cleveland was a warm friend of Mr. Hawley.

They were members of the Buffalo Club together, of which ex-President Cleveland was at one time president.

The Woodworth-Hawley agency was established in 1866. It is one of the oldest agencies in New York State. Mr. Hawley was known throughout the state, having attended agents' conventions until only a year or two ago. He had been confined to his office for several weeks, although prior to that he was in the habit of going to the office every day, including Sundays and holidays, for many years.

J. M. Graves of New London, Conn., has sold his agency to S. H. Miner & Son.



Courtesy The Boston Music Company

**DURING THE GOLD RUSH DAYS OF '49  
THE GLENS FALLS MADE ITS BOW**

Glens Falls  
INSURANCE COMPANY  
Glens Falls, New York

COMMERCE  
INSURANCE COMPANY  
Glens Falls, New York

Glens Falls  
INDemnITY COMPANY  
Glens Falls, New York



## THE CASE OF THE COSTLY COURTSHIP

(an actual case from our files)

TWO months after his marriage, No. 6-MF-29 ran into trouble—and the trouble traced to money spent in wooing and winning his wife. The trouble was, it wasn't his money. It belonged to the transportation company by which, for three years, he had been employed as cashier. His story was not unusual: "I stole small amounts at first, thinking to replace them later out of my salary . . . my shortage kept growing and reached a point where I couldn't possibly take care of it." He took a total of \$6,482.20.

No. 6-MF-29 was not a criminal type—embezzlers rarely are. The tragic story of embezzlement, as revealed by a recent analysis of 1,001 actual cases, is a story of normally honest men and women—tried and trusted

employees—who weakened under pressure of sudden temptation or personal emergency, "borrowed" from their employers, found themselves unable to repay, then continued to take more.

### Widening Your Market for "Fidelity"

Advertisements similar to this one, in *Time* and other publications, are telling business at large about the hazards of embezzlement, about our book, "1,001 Embezzlers," and about the new, simplified Fidelity Bond forms of the U. S. F. & G. Don't let any employer among your clients suffer a loss through embezzlement—and then wake up to discover that *you could have protected him*. There are plenty of opportunities to sell *Fidelity* among the employers in your own files.

Consult your Agent or Broker as you would your Doctor or Lawyer



## UNITED STATES FIDELITY AND GUARANTY COMPANY

WITH WHICH IS AFFILIATED

*Fidelity & Guaranty Fire Corporation*

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# The NATIONAL UNDERWRITER

December 16, 1937

## CASUALTY AND SURETY SECTION

Page Twenty-three

### Credit No Rumors of Shelving Code, Chairman Warns

#### R. F. Piper Says Every Effort Will Be Made to Introduce N. Y. Revision

NEW YORK—Chairman R. F. Piper of the joint legislative committee on insurance law revision warned that no reliance should be placed on rumors that the proposed revision will not be submitted to the 1938 session of the New York legislature. Speaking at the final hearing to be held in New York City this year, Mr. Piper said that if possible the committee will present a bill at the coming session of the legislature and that those interested should govern themselves accordingly.

There have been widespread reports that because of the many changes in the proposed code desired by representatives of the companies, the agents, the brokers, and the public, it would be impossible to whip the law into shape for submission at the approaching session, since the plan is to adjourn early. The next hearing will be at Syracuse Dec. 28-29, Hotel Syracuse, and Dec. 30 in the Capitol building, Albany. Assessment life societies will be the main subject of these hearings but opportunity will also be given to upstate agents and brokers who wish to be heard. The next hearings in New York City will probably be held the second week in January, Mr. Piper said.

#### Casualty Reserves Discussed

Casualty companies were the subject of the final session of the hearings last week. The most serious objection to the proposed law advanced by H. J. Drake, counsel Casualty and Surety Executives Association, concerned the provision for reserves on general liability and workmen's compensation business.

The proposed revision would produce excessively redundant reserves because application of the certified percentages to earned premiums in computing the reserves applicable to accidents occurring within the three most recent calendar years have been based upon loss ratios experienced by the companies during a period which included abnormally unfavorable loss experience, that is, the calendar years 1932-36. In addition, he pointed out that the proposed provisions bring three full calendar years under the formula basis whereas the present law involves only approximately two and one-half policy years. Since the present percentages produce abundant reserves, the proposed revisions by extending the scope of the formula's application would operate to increase the redundancy still further, he said.

Application of the new formula to several representative companies showed that there would be an increase in reserves ranging from 25 percent to 33 percent. Applying the smaller percentage to 10 leading companies would re-

(CONTINUED ON PAGE 20)

### Trend in Accident-Health Decisions No Longer Favorable

In reviewing the trend of recent court decisions on accident and health insurance at the December meeting of the Chicago Claim Association, C. O. Pauley, secretary Great Northern Life, said that two or three years ago the trend appeared to be more favorable to the companies, but that the same could not be said at the present time.

To show the difficulty in deducing any "trend" from current decisions, he cited a series of decisions in Nebraska on the requirement that assured must be disabled "from date of accident." Several years ago in a case against the Globe Indemnity, involving a doctor who had continued at work for two or three weeks after the alleged accident before any claim was made for disability, it was held that the provision could not be strictly enforced. That decision was virtually reversed in a case against the Great Northern Life, decided in June, 1936, where another doctor, carrying an accident-only policy, who had a carbuncle on his neck, decided that it was the result of a scratch sustained some time before.

#### Goes Beyond Original Holding

Last January, however, in the case of McClenahan vs. London Guarantee & Accident, the court went even farther than in its original decision. The claimant in this case, also a doctor, was in an automobile accident, in which he was thrown forward against the steering wheel. He said he had pains in his stomach at intervals thereafter, but attributed them to indigestion. He continued his practice throughout this period, but six months later x-rays showed a diaphragmatic hernia and he went to Rochester, Minn., for an operation. The court not only upheld his claim for disability indemnity, but also for benefits under the surgical operation clause, despite the requirement that the operation should be performed within 30 days, holding that it should have been performed within that time, even if it was not.

The opinion declared that the provision in question was against public policy and required an unreasonable forfeiture of the rights of the assured, and that to enforce it literally would be a "reproach on honest insurance."

#### Sunstroke, Accidental Means Cases

The diversity of opinions on sunstroke, and incidentally on the differentiation between accidental means and accidental results, was also mentioned. In 1934 the United States Supreme Court decided a case in favor of the Phoenix Mutual Life, where a policyholder suffered a sunstroke while playing golf, holding that while it was an accidental result, it was not due to accidental means. Eight justices concurred in that opinion, which was regarded at the time as having settled that issue finally. However, Justice Cardozo handed down a dissenting opinion, in which he said that the policyholder's reading of his policy should be accepted as a guide and that if a man's death is spoken of as an accident, he died by accident. That dissenting opinion, rather than the holding

of the majority of the court, has been followed since that time in decisions by the supreme courts of Wisconsin, Colorado, South Carolina and other states.

An unusual illustration of the complications that may result from this situation was cited. A man in Kansas City, Kan., who had two policies with the Metropolitan Life, died allegedly from heat prostration while resting at his home. One of the policies was for more than \$3,000 and the case was taken into the federal court, while the other, for a smaller amount, had to be tried in the Kansas court. The allegations were exactly the same in both cases, but the federal court, following the supreme court's decision in the Phoenix Mutual case, decided for the company, while the Kansas supreme court held that it was the result of "accidental means." A bit of unusual reasoning in that opinion was that since death by lightning and freezing (in some cases at least) is regarded as accidental, they are all part of the general weather conditions and heat therefore should be included as well.

#### Disease as Contributory Cause

Two cases on the question of disease as contributing to disability, where indemnity was sought under an accident policy, were considered briefly. It was held that if the accident resulted in considerable injury, the claimant could recover, even though disease aggravated the disability, but if the disease seemed to be the major factor in the disability, he could not.

In Oklahoma, a cotton ginner sustained an injury to his hand and was paid for four or five months. After that time a typical syphilitic condition developed, with atrophy of the muscles, and the company denied liability for payment for that condition. Judgment was given for assured in the lower court, but was reversed by the Oklahoma supreme court.

#### U. S. Declaratory Judgment Act

One favorable development mentioned was the apparent possibility of getting more cases into the federal court through the declaratory judgment act. In a case in Missouri where a policyholder of the Aetna Life claimed total disability and sought to take advantage of the waiver of premium clause in his life policy, the company, denying the claim of disability, brought suit under the declaratory judgment act to have the policy declared lapsed for non-payment of premium. The case was decided against it on the question of jurisdiction by both the district court and circuit court of appeals, but those decisions were reversed by the United States Supreme Court. Chief Justice Hughes declared that the act could be applied to all cases of actual controversy and not necessarily those that had gone to suit. The circuit courts of appeals are now following that ruling.

Inasmuch as reference was made in the Hughes opinion to the reserves which the company had to maintain, the possibility was suggested that future liability and reserves might be taken into consideration in determining

(CONTINUED ON PAGE 20)

### American Auto Takes Lead in Illinois Fight

#### Files Suit to Nullify Palmer's Ruling Against Occupational Rating

After a hearing and after perusing briefs, pro and con, Insurance Director Palmer of Illinois has reaffirmed his ruling that the so-called occupational rating plan for automobile P. L. and P. D. is not consonant with the automobile anti-discrimination article of the new Illinois insurance code. Late Tuesday American Automobile filed a plea for a stay order in Chicago to prevent Mr. Palmer from enforcing his decree.

At the same time Mr. Palmer announced that he is withholding approval of so-called merit rating plans which have been filed by a few companies.

"The department," he said in this connection, "will look with favor upon any rating method, the equity and practicality of which can be demonstrated and which allows the careful or more fortunate driver or owner a lower insurance cost than the careless or less fortunate one. However, due to the wide variance in the several plans already submitted, it is evident that further study must be given the subject and until a uniform method which is just and reasonable can be determined upon, approval of plans submitted will be withheld."

#### About 30 Filed Plan

Some 30 casualty companies filed occupational rating plans in Illinois. These companies propose to give discounts, usually 25 percent, to assured of certain occupations, who do not use their cars in business. In championing this distinction, these companies contended that this is a rather true measure of exposure, and that failing to make such a distinction is really an unfair discrimination.

American Automobile and General Accident have been the most important writers heretofore employing occupational rating in Illinois. The two companies had about \$2,200,000 in automobile property damage and public liability premiums in Illinois last year.

Representatives of occupational rating companies other than American Auto, General Accident and Car & General had a conference Tuesday afternoon in the office of G. A. Mavon, Chicago agent. They will have another conference Monday. One suggestion was made that if the prohibition finally stands, the deviating companies make a straight, uniform filing 15 percent off manual.

#### Suit Is Started

Suit was filed by American Automobile in superior court in Chicago late Tuesday to prevent Mr. Palmer from enforcing his ruling.

E. D. Loring, Chicago resident vice-president of American Auto, described the decision as "a return to two-cylinder car days in automobile insurance" and

(CONTINUED ON PAGE 32)

## Much Interest in Automobile Rates by Bureau People

### Proposal Made for Reduction Providing Assured Has Good Claim Record

NEW YORK—The companies belonging to the National Bureau of Casualty & Surety Underwriters have been considering for some time a plan whereby automobile business could be written safely and give some consideration to the driver who has an excellent claim record. Company executives realize that it is a most difficult task to formulate a plan that will meet all the demands. The National Bureau some years ago adopted a merit rating plan which was butchered and never had a fair trial. It resulted in everyone getting a 10 percent reduction regardless of his record. It was unfortunate that this was the outcome because it had much to commend it if it could have been carried out logically.

### Competition Is Felt

The bureau companies have been feeling the competition of non-conference institutions that have adopted various rating plans mostly following the occupational lines. There are a few that base any reduction on a good claim record but mostly they follow the occupational course so far as pleasure cars are concerned. The Bureau companies realize that they have an entirely different problem than the outsider because they are bound by their business pledge. There are some executives that decry any attempt to allow a differential. Some even claim that if a course needs to be pursued to attract the business a participating department might be opened by a company just as in life insurance where some companies write non-participating and participating, the participating rates being higher and a refund being given if justifiable.

### Propose a 15 Percent Reduction

Bureau company executives were in session in this city a few days ago and seemingly have reached a conclusion so far as they are concerned that there should be some reward for the assured who shows a perfect record during the year. For instance, at the close of the policy year if there has been no claim there would be a 15 percent reduction in the rates.

The companies, however, take the position that if there is a departure from the present method and they are called upon to make a decrease there should be a corresponding decrease in commissions. The rub undoubtedly will come at that point. The whole procedure naturally will have to be approved by states where they have rating jurisdictions and the companies will want to confer with the conference committees of the National Association of Casualty & Surety Agents, the National Association of Insurance Agents and the National Association of Insurance Brokers. The subject at this time therefore is in the making. The companies apparently have reached an accord on what they will do. The matter will be put up to the producers in due season and then will be made a subject for consideration.

### N. Y. Auto Rate Date Stands

NEW YORK—Automobile liability rates for New York state, which were promulgated as of Nov. 15, are effective as of that date, as the companies did not assent to the recommendation of the brokers that they be made retroactive to Sept. 1.

## Aviation Insurance Offers Fine Opportunity This Year.

Paul M. Brown of Chicago Says Plane Factories Are Months Behind Orders

While aviation insurance experience, both on risks in this country and abroad last year, was generally bad for aviation groups, there is a good prospect ahead, according to Paul M. Brown of Bowes & Co., Chicago, one of the leading aviation underwriters, representing London Lloyds. Increased prosperity is being observed in the demand for new airplanes. The aviation factories, he reports, are months behind in their production of commercial planes.

The private plane end of the business has represented a dead market for underwriters during the last three years. There recently, however, have been many inquiries from individuals as to the cost of aviation insurance on private planes, and there is a bright future in this field.

### Government Threat Ended

This field for a time was seriously affected by the reports from Washington relating to development of a small, safe, private plane that could be sold for \$700 to \$900. This development was tied up with the possibility that under New Deal management the government would go into the business of building such ships in order to stimulate wide private use of planes. That threat, however, has passed and the aviation manufacturing industry is finding its feet again in this field. Much replacement is needed, as many private planes bought before the depression are obsolete.

"Commercial airlines," Mr. Bowes reports, "are beginning to call for substantial excess catastrophe coverage on passenger liability, public liability and property damage. In the past the lines ordinarily have carried about \$25,000 limits on property damage and \$60,000/\$100,000 average on public liability, with \$40,000 to \$60,000 per seat on passenger liability. "It has become increasingly obvious that the limits were entirely too low. The death of Senator Cutting, with the demand of his estate for several hundred thousand dollars, and other losses involving important people, showed that the airlines must be better covered."

Mr. Brown reports that most of the aviation underwriters have considerably tightened due to a number of important losses recently, including the big TWA loss near Pittsburgh. However, if a risk can qualify for insurance, the underwriters as yet have taken no steps to reduce limits that will be written.

The losses last year were spread generally over the various aviation coverages, there having been a number of severe crash losses, as well as several involving large passenger liability. Experience overseas has been especially bad. There is a possibility, Mr. Brown said, that aviation insurance rates may be raised before long, a step which he believes is indicated as necessary on the basis of experience.

The contracts written on American risks were considerably broadened last year, the insuring clause being simplified and made much clearer, and fewer exceptions demanded.

### George R. Hays Promoted

George R. Hays, Jr., manager of the boiler and machinery department of the Maryland Casualty New York office, has been appointed manager of the agency and production department. He graduated from West Point in 1929, where he was manager of the 1928 football team. After serving as second lieutenant in the 14th Cavalry, Ft. Des Moines, Ia., Mr. Hays joined the Home of New York as special agent. In 1934 he became associated with Royal Indemnity as field representative specializing in boiler and machinery.

## Assistant Manager Hoffman, London Guarantee, Retires

Jones, Neahouse, Robinson, Cunningham Advanced in London-Phoenix Organization

NEW YORK—Important changes in the official staff of London Guarantee and Phoenix Indemnity are announced by J. M. Haines, U. S. manager of the former and president of the latter.

Frank M. Hoffman is retiring as assistant United States manager of London Guarantee and vice-president of Phoenix Indemnity.

H. Lloyd Jones will in addition to retaining the position he now holds as deputy general attorney of the Phoenix-London group and vice-president Phoenix Indemnity, become deputy United States manager of London Guarantee.

C. R. Neahouse, now general superintendent of underwriting for London Guarantee, will become an assistant United States manager of that company and a vice-president of Phoenix Indemnity.

John R. Robinson, heretofore superintendent of production for the entire Phoenix-London group, and vice-president of Phoenix Indemnity, will in addition become assistant United States manager of London Guarantee.

John F. Cunningham, heretofore treasurer, becomes secretary-treasurer of both companies.

Mr. Hoffman has been associated with London Guarantee for over 31 years, and has been one of the strong figures in developing the company in this country.

Mr. Jones joined London Guarantee in 1925, and has been successively promoted. Mr. Neahouse's connection with London Guarantee dates back 25 years, since which time he has progressed steadily in its service.

## Boney to Police Writing Group Certificates in N. C.

Commissioner Boney of North Carolina has advised group writing companies that certificates under master policies covering lives in North Carolina must be considered as North Carolina business and reported through the office of some general agent, resident in or having territory within the state. An individual certificate may not be written except on application taken by a licensed North Carolina agent.

Salaried home office group representatives may assist in taking applications for certificates but only when accompanied by a licensed resident agent.

In respect of accident and health group coverage, a master policy covering lives in North Carolina must be countersigned by a licensed agent of North Carolina who may pay not exceeding 50 percent of the commissions to a licensed non-resident broker. All provisions of Section 6302 of the North Carolina law will be enforced, Mr. Boney states.

### Aetna Casualty's School

The Aetna Casualty & Surety announces the dates of its seven home office casualty and surety sales courses for 1938 beginning Jan. 10. The first school runs to Feb. 12. The dates for the others are Feb. 28-April 2; April 25-May 28; June 6-July 9; Aug. 15-Sept. 17; Sept. 26-Oct. 29, and Nov. 14-Dec. 17. These will be the thirty-seventh to the forty-third sessions of the school.

### New York Appointments Made

The Mutual Benefit Health & Accident of Omaha has appointed M. Streight as manager in central New York with headquarters in the State Tower building at Syracuse. W. G. Clark is appointed manager for northern New York with headquarters in Utica.

## Costly Cars Are Found to Produce Heavier Claims

### Phenomenon of Automobile Insurance Makes Class More Productive of Losses

NEW YORK.—Casualty company underwriters are often curious to know why public liability covers written on owners of higher priced automobiles produce greater average claims than indemnity carried by owners of Fords and similar less expensive cars.

While admitting that the higher priced cars are of heavier construction and hence capable of inflicting greater damage to persons or property than are lighter machines, this unfavorable underwriting factor should be offset by the fact that the costly cars generally are driven by experienced chauffeurs, whereas less expensive cars are operated by their owners or members of their family who in many cases are youthful and inexperienced.

### Wealth Important Factor

Though no convincing reason can be given for the difference in loss experience, a plausible theory is that Packards, Pierce Arrows and other expensive cars, are owned mainly by persons of considerable wealth, against whom, in event of accident, claims are instituted for higher amounts than would be the case if the owners were of modest means.

Again, wealthy persons have a horror of being mentioned in claim cases, fearing that the publicity would prejudice their financial status in business operations, and hence bring pressure to bear upon insurance carriers to make speedy settlement out of court.

### Often Unwilling to Testify

It is, moreover, difficult to induce prominent men to appear as witnesses in accident cases in which they are concerned, so that in defending a claim the insurance company is considerably handicapped, a condition that does not obtain where a car driven by average citizens is involved.

In spite of every care displayed in risk selection by skilled underwriters, the element of luck in connection with the business seems to be pronounced. Claims during a particular year or season may run for heavy amounts, either for death or serious injury for which assured are held liable, and again, for no apparent reason, the same average type of risks will yield losses far fewer in number and aggregate liability.

## Increase in N. Y. Commission on Compensation Denied

NEW YORK—The acquisition cost conference for casualty insurance has declared its inability to approve the brokers' appeal that commission on compensation business in New York state be increased from 8.5 percent to 10 percent. When the department issued new rates some weeks ago, it refused to sanction an increase of the expense loading from 40 to 42 per cent, as urged by carriers to cover the 2 percent they are required to contribute to the industrial commission, but said it would permit a change in commission schedule. This was cut from 17½ to 15 percent to general agents, 10 percent to regional representatives and 8.5 percent to brokers.

Lloyd Caldwell, Corporation Claims Service, was married to Mrs. Eva Crump in San Antonio.



## Lloyds Proposal Made to Illinois As a Compromise

### Some of the Features the Underwriters Suggest for Future Operations

Those who are studying carefully the provisions in the new Illinois insurance code regarding London Lloyds are interested in the proposal that the committee at Lloyds presented to the Illinois department in the hope that some compromise arrangement could be made whereby London Lloyds could continue to operate, even though on a more restricted basis than at present. London Lloyds greatest and most desirable Illinois business consists of bankers blanket bonds, it having almost a monopoly of that business in Chicago and the state. In the proposal it is evident that it desires to continue this bankers blanket bond business already on its books. It restricts its operations in other particulars. The proposal that it made applies to all business except that from California brokers who are members of the California Surplus Line Association. The agreement that it sets forth does not relate to reinsurance or renewals on old business.

### No Direct Fire Business

The first proposition is that London Lloyds will write no direct fire business, taking care only of renewals, unless it abides by board rates and conditions. If it goes on a risk following a warranty, the warranty company must be licensed and it and London Lloyds will take the business at the gross warranty rate. It excepts from the direct writing risks an excess of loss basis. Also it will write consequential loss policies and risks of a special character that are not readily obtained in the American market.

### Bankers Blanket Bond Business

In the second place, it proposes that the bankers blanket bond truce remain unaltered. This gives the London Lloyds underwriters possession of the business in Illinois and means that the regular companies will guarantee to London Lloyds the premium income it has enjoyed in its direct writing and any deficit is to be made up in reinsurance.

As to flat burglary and fidelity bonds, the minimum premium on fidelity is to be \$200 and burglary \$100.

For public liability and property damage flat the minimum is to be \$200 with the exception of dram shop bonds, malpractice cover and some other special classes. London Lloyds agrees not to write workmen's compensation, employers liability, common law for employees and occupational damage.

### Automobile Insurance

As far as automobile insurance is concerned London Lloyds agrees not to write individual automobiles. Furthermore, it pledges itself not to write fleets or synthetic fleets where there is a group less than five and a minimum gross premium of less than \$500 is involved. It will not write any synthetic fleet unless it has been covered in an American company or is being offered by such company and then it will follow the quoted rate.

As to excess it stipulates that all such be genuine. The public liability basis will be \$2,500-\$5,000, property damage \$1,000, workmen's compensation and occupational disease \$5,000. There shall be a minimum premium for flat coverage on all classes except automobile

(CONTINUED ON PAGE 32)

## Five Phases of A. & H. Managers' Job Reviewed

### Notable Symposium Is Presented by Chicago Accident & Health Association

A notable symposium on five phases of the accident and health manager's work was presented at the "five-minute meeting" of the Chicago Accident & Health Association this week, in charge of R. W. Abbott, Provident Life & Accident. Each of the topics was introduced by a snappy five-minute talk, after which five minutes were allowed for discussion. Much valuable material was brought out in both the talks and discussions.

The first topic, "Your Opportunity in Accident and Health Insurance," was introduced by E. H. Ferguson, Great Northern Life, who demonstrated the opportunity that exists in that field by telling of actual records made by two men in Chicago who had specialized on the sale of accident and health insurance over a considerable period of years. He declared that success in accident and health insurance all hinges on the one word—work—and that any man who is willing to work will get results.

### Prospecting for Agents

In discussing "Prospecting for Agents," C. Truman Redfield, Mutual Benefit Health & Accident, said that the most successful men in his agency were men who had come to it, rather than being brought into it. He expressed the opinion that older men are the best agency prospects. Their experience in other lines is valuable to them and they do not have as high ideas as to the income they require as do the younger men in many cases. He said that the five best men in his organization are all over 40 and all had gone broke in some other line of business before taking up accident and health insurance. The opportunity for building up a business without capital appeals particularly to men of this type. Much is said nowadays about the terrible position of men over 45, but Mr. Redfield said that in the next year he plans to concentrate on men of that age as agency material.

The discussion following his talk ranged over the field of prospecting for new policyholders as well as prospecting for agents and there was also considerable discussion of the use of direct mail material.

### Underwriting for the Agent

Armand Sommer, Continental Casualty, led the discussion on "What the Agent Should Know About Underwriting." He outlined very briefly the points that should be covered with a new agent who is in the office only for a day and has to absorb all of his underwriting information in that limited period. He emphasized especially the necessity of instilling a positive rather than a negative attitude in regard to waivers, showing that they are friends and not enemies of the agent and the policyholder and enable the acceptance of many applications that would otherwise be rejected, amounting to probably 10 percent of the whole number submitted. He told of how some agents use the waiver in making sales.

### Organized Sales Talk Urged

R. H. Wienecke, Stewart, Keator, Kessberger & Lederer, talking on "The Sale and the Close," stressed the importance of an organized sales talk, not a "canned" talk but one which gets the entire subject matter into as few words as possible. He said that the average prospect is a man who is busy trying to make a living and if the agent hasn't something definite to tell him, he should

## Presided



W. H. HANSMANN, Chicago

W. H. Hansmann of Chicago, manager of the Fidelity & Deposit, presided at the luncheon in his city Monday when State Insurance Director Ernest Palmer of Illinois was presented with a handsomely bound copy of the new insurance code by the various Illinois organizations.

not take up his time. He said that the approach should be short, arousing curiosity, interesting and about the subject. When the agent is "in," he must point out the need for the protection and the reason why the prospect should buy it. His job is to change the "ought to" attitude to "want to." It is necessary to picture what it will do for him and his family. The presentation must be human, interesting and sincere.

### Statistics as Working Tools

The closing talk was by A. D. Anderson, Continental Casualty, on "Statistics as Working Tools." He distributed some tabulations of statistics which have been used with success in his organization and said that they can be used to demonstrate to the prospect that he will be in monetary danger if one of these things happens to him—"if he doesn't do the thing you are asking him to do." He said that it is necessary to present accident and health insurance as a means of "filling that gap in the tragedy of lost income."

Among the participants in the discussion were Frank Coffin, Moore, Case, Lyman & Hubbard; J. K. La Vallee, Eliel & Loeb; W. W. Pierce, Massachusetts Indemnity; T. W. Howard, Income Guaranty; David Green, United; W. W. Scott, Maryland Casualty, and R. J. Clancy, Columbian National Life.

### Outlaws W. Va. Tire Guaranty

CHARLESTON, W. VA.—Attorney-general Meadows of West Virginia, in an opinion to Deputy Commissioner Justice, holds that the tire guaranty which the Standard Oil Company has been issuing in West Virginia, is an insurance contract.

"The very broad language used in the so-called guaranty seemingly eliminates any construction that a claim for damage or destruction to a tire would depend upon the failure of the tire solely, by reason of a defect in the quality of the material used," the attorney-general states. "On the other hand, it is clear that such hazards incorporated into the guaranty depend upon and relate to events or occurrences unknown at the time of the purchase, and having little or no relationship to the quality of workmanship of the tire."

Kemp & Co. have been appointed exclusive agents in Chattanooga, Tenn., for Liverpool & London & Globe.

## Reinsurance Claim Decision by U. S. Court Criticized

### N. Y. Liquidation Bureau Asks Rehearing in Southern Surety-F. & D. Suit

NEW YORK—Contending that there are glaring errors in the United States Supreme Court's decision, Irvin Waldman, attorney for the liquidation bureau of the New York department, will petition the court for the rehearing in connection with its decision that the Fidelity & Deposit as reinsurer is not obligated to pay on the claims allowed against the Southern Surety, now in liquidation, since actual payment of such claims has not been made by the direct writing company. The reinsurance agreement involved was the standard form adopted by the Surety Association of America in 1930. About \$500,000 was involved in the case and about \$1,000,000 in the aggregate in this and similar cases.

The United States Supreme Court has only rarely acceded to a petition for a rehearing. Much less frequently has it reversed its decision following such a rehearing. However, Mr. Waldman feels that the decision is one of the worst blunders in the history of the supreme court, that it throws the law of reinsurance into such a chaotic state that the chances for a rehearing are quite favorable. The decision, he points out, misquotes the language of the agreement and has obviously overlooked important points of the agreement.

### Originally for Department

The original verdict in the United States district court was in favor of the insurance superintendent who brought suit as a liquidator. This judgment was affirmed by the circuit court of appeals but was reversed by the United States Supreme Court last week. The superintendent has until Dec. 31 to file a petition for a rehearing.

Superintendent Pink's suit was based on the Allemania case of 1908 in which the insuring clause stated that the company "hereby agrees to reinsure" while the 1930 form states that "the reinsurer does hereby reinsure against loss." The supreme court agreed with the F. & D. that the payment of the loss under the bond was a necessary precedent to recovery from the reinsurer.

An argument advanced by companies which have taken the same position as the F. & D. on claims against insolvent ceding companies is that the reinsurer does not have the same protection in such cases as it would if the direct writing company were a going concern. On the other hand, the liquidation bureau holds that it scrutinizes claims just as carefully as a direct writing company and furthermore it has no agency or good-will reasons for treating claims more liberally than is strictly necessary.

### U. S. F. & G. Entertains Attorneys

BALTIMORE—The United States Fidelity & Guaranty was host to more than 75 attorneys from all parts of the country for the annual meeting of the Associated Offices of the Attorneys List of the U. S. F. & G. President E. Asbury Davis was host at a banquet. Speakers were H. S. Knight, Sunbury, Pa., secretary American Bar Association; Col. F. A. Lind, Chicago, president Commercial Law League of America; R. H. Bland, chairman of the board of the U. S. F. & G., and Mr. Davis. A. H. Culver, Chicago, is president of the association.

## ACCIDENT AND HEALTH

### Committee on A. & H. Week

**Chairman Harold R. Gordon Announces Personnel for Direction of 1938 Campaign**

The full membership of the general committee selected to direct activities for 1938 Accident & Health Insurance Week has been announced by Chairman Harold R. Gordon, who was authorized to name the personnel of the committee.

The members are: A. D. Anderson, Chicago, Continental Casualty; R. A. Cavanaugh, Chicago, Illinois Commercial Men's; G. V. Chandler, San Francisco, General Accident; R. W. Faulkner, Lincoln, Neb., Woodmen Accident; E. H. Ferguson, Chicago, Great Northern Life; E. B. Fuller, Boston, Loyal Protective Life; Thomas Hook, Detroit, Standard Accident; George R. Kendall, Evanston, Ill., Washington National; W. E. Kipp, Philadelphia, Indemnity of North America; C. H. Munsell, Springfield, Mass., Monarch Life; E. H. O'Connor, New York, United States Casualty; C. A. Palmer, Philadelphia, Insurance Advertising Conference; Frank A. Post, Chicago, The Accident & Health Review; James E. Powell, Chattanooga, Provident Life & Accident; Harry Prevost, Baltimore, United States Fidelity & Guaranty; J. W. Scherr, Jr., Cincinnati, Inter-Ocean Casualty; C. T. Spaulding, Hartford, Aetna Life; E. M. Ward, Portland, Ore., Business Men's Assurance; James E. Whitaker, Boston, Employers' Liability; and L. W. Winslow, New York, Fireman's Fund Indemnity.

A conference of western members of the new committee was held in Chicago this week on call of Chairman Gordon, to consider suggested designs for the

poster, button, letterhead, booklet and other material to be prepared in connection with the 1938 campaign. A similar meeting of eastern members was held in New York at the time of the meeting of the insurance commissioners there.

### Modification of Group A. & H. Definition Is Sought

While tentative definitions of group accident and health insurance were submitted to the insurance commissioners at their meeting in New York by a subcommittee headed by Superintendent McNairn of Ontario, continued effort on the part of companies writing that form of coverage to secure a modification of those definitions is indicated, in view of the fact that the report was merely accepted by the commissioners association and not adopted, thus leaving the matter open for further consideration. The subcommittee was continued, instructed to hold further open meetings with interested insurers and to prepare a final draft for submission at the meeting of the commissioners in Quebec next June.

Objection is made by some of the companies because the definition excludes groups where payment may be made by employees only, such as through an employee association, where the employer in accord with the plan acts as trustee for the funds and participates to the extent of setting up the necessary machinery to run it, and to the requirement that group policies cover not less than 75 percent of all members of a labor union or non-profit association actively engaged in the same occupation. It was felt in the first place that an equitable rate could be applied to risks in a factory not engaged in the same

occupation, stress being laid on the present trend toward non-occupational policies, and also that the 75 percent requirement would prevent the creation of many such groups, which start with a smaller percentage and gradually work up toward that figure. It was also suggested that permission should be given for providing hospitalization benefits under the group cover for families of employees insured in groups.

### Effect of Small Chief Sums

**Some Companies Find Large Principal Amounts Have Greatly Increased the Claim Ratio—Seek Weekly Benefits**

Some companies writing accident business to an extent have been experimenting with lower principal sums and featuring the time indemnity rather than death indemnity. A few companies have put \$10,000 as the limit of death indemnity and then are careful about the people whom they write even at that amount. These companies declare that a death indemnity wallop makes a big dent in the earnings and hence they are discouraging their agents from featuring that provision.

There is a demand for large principal sum policies and therefore agents whose companies do not write amounts desired broker their business with other companies. The feeling among those that have limited their operations to smaller principal sums is that in spite of all precautions and underwriting judgment there will always be a selection against a company either by way of moral hazard, carelessness or some other cause.

### Infection or Fall?

DANVILLE, IND.—A jury in the Hendricks county circuit court returned a verdict for the Aetna Life in an interesting double indemnity suit for \$10,000. G. W. Price contracted an infection in his nose. After receiving treatment from physicians he fell in the bath room in his home, receiving injuries about his face. He died 10 days later.

The attending physician diagnosed the cause of his death as erysipelas resulting from infection developing from injuries received in his fall. The Aetna contended that death was the result of the infection and it did not come within the provisions of the double indemnity clause. Doctors in an autopsy established the fact that it was a staphylococcal germ such as is generally found in the nose that caused the death and not a streptococcus germ which is the cause of erysipelas.

### Florida Company's New Directors

The Professional Insurance Corporation, Jacksonville, Fla., has added three new directors: A. C. Biese, investment banker; T. M. Kirbo, mortgage loan and insurance man, and Blair Burwell, Jr., automobile dealer.

### Powell Goes with Order

A. C. Powell, former assistant manager for Canada of the Mutual Benefit Health & Accident, has been appointed field superintendent of the Canadian Order of Chosen Friends. This order has revised its constitution to enable it to launch a development program throughout the Dominion with its new insurance plans.

### Reserve Mutual's Hospital Form

Reserve Mutual Casualty of Chicago is selling a family group hospital policy. It pays up to \$6 per day, not to exceed 31 days in any single year, on one or more admissions, to a general hospital including room, operating room, routine laboratory fees, medicine, anaes-

**YOU CAN INCREASE YOUR INCOME in 1938 by stressing liability coverages. Profit making suggestions are published every month in The Casualty Insurer. \$1.50 a year. 175 West Jackson Blvd., Chicago.**

### New Officers Elected by Cleveland A. & H. Unit



C. L. HARRIS

CLEVELAND—C. L. Harris, manager of the Ohio department of New Amsterdam Casualty and United States Casualty, was elected president of the Cleveland Accident & Health Association at the annual meeting. K. O. Saunders, Cleveland manager Maryland Casualty, is vice-president; Hal R. Kirk, assistant Cleveland manager Royal Indemnity and Eagle Indemnity, is secretary, and W. L. Horman, Cleveland manager Retail Credit Company, is treasurer.

The association has a membership of about 100 company representatives and agents who are aggressive in the production of accident and health insurance. It is one of the foremost organizations of its kind in the country. It is a member of the National Accident & Health Association and has conducted an annual sales congress since 1923. These affairs have been attended by upwards of 1,000 producers in northern Ohio. Plans are under way for the 1938 congress, which will be held some time early in June.

thetic and x-ray. Obstetrical care for child-birth is limited to 10 days at one-half benefit after one year.

The policy is in immediate benefit for accident and after 30 days for illness. The annual premium for one insured is \$10; for two insured \$15; three, \$18; four, \$20; five, \$22; six, \$24.

Those that may be named in the policy are husband, wife, and unmarried children up to age 19.

### Hospital Association Test

SOUTH BEND, IND.—In a test case filed here, the Indiana department seeks to establish whether so-called hospital insurance associations should come under the new insurance act.

It seeks an injunction against the National Hospital Service Association of South Bend, for "failure to comply with the insurance laws of the state."

The complaint states the association is engaged in a commercial and profit-making enterprise and charges the defendants are not authorized to engage in the insurance business.

### Claim Association '38 Meet

The 1938 annual convention of the International Claim Association is to be held at White Sulphur Springs, W. Va., Sept. 12-14, the executive committee has decided. Another meeting of the executive committee is scheduled for February, 1938.

### Regional Meeting in Boston

A very successful regional meeting was held by the Health & Accident Un-

*"Tailor-Made"*  
**Public Liability Policies**  
*Coverage For*  
**Rare and Unusual Events**

**ALL RISK  
PUBLIC LIABILITY  
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derwriters Conference in Boston, in charge of Executive Secretary Harold R. Gordon, with about 25 in attendance, including executives and department heads of practically all the New England companies that are members of the conference.

No further regional meetings will be scheduled until after the mid-year open meeting of the executive committee, which will be held in Chicago, probably the first week in February.

#### Olson to Seattle

The Continental Casualty have transferred Martin E. Olson from the Chicago office to Seattle in charge of the group and franchise departments. He will cover Washington, Oregon and Idaho.

#### Discuss Restaurant Claims

SAN ANTONIO—At a meeting of the San Antonio Claim Men's Association, a round table discussion was held on the increasing volume of claims on public liability insurance against local restaurants. Tom McNeil, Coleman & Co., was elected president; Ralph S. Gibbs, Trinity-Universal, first vice-president; Emil J. Mannie, Lloyd Caldwell Corporation Claims Service, second vice-president.

#### Globe Indemnity Luncheon

The dinner in Chicago the other evening given by A. Duncan Reid, president Globe Indemnity, was in honor of 14 general agencies in the middle west that had represented the Globe 25 years. Several home office officials of Globe Indemnity, accompanied by H. C. Conick, representing U. S. Manager Harold Warner of the Royal-Liverpool groups, who could not attend, were present. It was strictly a Globe Indemnity affair. Mr. Reid was host.

E. E. Rigney has sold the Rigney Insurance Agency, Harlingen, Tex., to the Carruth Insurance Agency there.

#### Patted on Back



CHARLES N. DUBACH

Accident agents paid tribute to Charles N. Dubach, western department Hartford Accident A. & H. manager, in a "Pat on the Back for Dubach" testimonial campaign to celebrate his 20th anniversary with the company. A large sign showing Mr. Dubach's back was displayed in the Chicago office by D. E. Compton, underwriter, and every agent submitting an application sent in a small hand which was affixed to Mr. Dubach's back on the sign. A special week in the month's campaign was devoted to giving "Charlie a big hand" and larger hands for the sign was sent in with two applications. At the end of the contest the back was more than covered and the \$10,000 premium quota was exceeded by \$2,000.

## PERSONALS

Robert Laley, who died of pneumonia in French Hospital, New York, was assistant manager of the compensation and liability department of the National Bureau of Casualty & Surety Underwriters. He was 48 years of age and had been

ill for some time. Until last June he was located in San Francisco as Pacific Coast manager for the bureau. Previously he had been in charge of the Chicago office. He had been in the service of the bureau 25 years.

S. L. Johnston, superintendent of the casualty department of the Pittsburgh office of the Fidelity & Casualty, was honored by his associates on his 35th

anniversary with the office. He was presented a gift by the office and a scroll bearing the names of his coworkers by C. J. Hammer, manager. He started with the company there in 1902 as an office boy.

F. H. Crowther, manager of the accident and health department of the W. A. Alexander & Co. agency of Chicago, who was operated on last month for gall



## Blind Spot

Industrial engineers may plan, sales managers organize for action, accountants scrutinize and report, but each business... like each human being... has its blind spot.

In business this blind spot is human nature itself—the last frontier of science. We know more about the moon than we do about human nature. We can predict the time of a solar eclipse to the second, but we cannot say, this man will steal—this man be honest.

National Surety Fidelity Bonds bring business certainties into this world of human uncertainties. National Surety Town residents are protected against the unknown and unknowable in human nature.

National Surety representatives, from coast to coast, can provide National Surety Fidelity and Blanket Bond protection for your business and your employees. And National Surety burglary and forgery insurance are available to complete protection against loss.

**NATIONAL SURETY CORPORATION**  
VINCENT CULLEN, PRESIDENT  
*New York*

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bladder trouble, has returned to his home from the hospital and is making a good recovery but probably will not be able to return to work until after the first of the year.

**Alex Artzt** of the Hartford Accident in Philadelphia was married to Miss Florence Eisenhood, secretary to J. Elmo Hammonds of the Hammonds Insurance Agency, San Antonio, Tex.

An interesting study of European traffic conditions by **Stanley F. Withe**, manager of the safety education department of the Aetna Life and affiliated companies, appeared in the Hartford "Courant." The human element is the key to the safety situation in all countries. Mr. Withe presided over the Aetna safe driving exhibit displayed in Paris and Munich.

**C. G. Traphagen**, president and treasurer of the Time, has returned to Milwaukee with Mrs. Traphagen from Tryon, N. C., where they spent several weeks.

**H. E. Ising**, assistant secretary American Surety and manager of its publicity department, was bereaved by the death of his wife at the home in Brooklyn.

## CHANGES

### Claibourne with Illinois National

**Earle F. Claibourne**, Wilmington, O., has been appointed state agent for Illinois National Casualty in Ohio. At present, Mr. Claibourne expects to make his headquarters in Wilmington and later in Columbus.

### Broesche Active Vice-president

**R. H. Broesche** has been elected active vice-president of the Texas Fire & Casualty Underwriters of Dallas. He has had an extensive experience in the casualty business, lately with the Republic Underwriters of Waco, Tex., in sales promotion, claims and general underwriting.

### Dolan Ohio Field Supervisor

**E. C. Dolan** has been appointed field supervisor in Ohio for the New Amsterdam Casualty with headquarters in the Cleveland office under State Manager C. L. Harris. He takes the place of John A. Hunter. Mr. Dolan has been with the claims department of New Amsterdam Casualty for several years.

### Jump with Fidelity & Casualty

**B. C. Sauer**, resident manager of the Cleveland office of the Fidelity & Casualty, announces the appointment of **B. E. Jump** as a member of his agency department.

Mr. Jump is a graduate of Michigan University and has been eight years with the Standard Accident, traveling Illinois and Wisconsin as a special agent, and for the past two years has been traveling Ohio for the Employers Liability as special agent.

### Osgood With Orsinger

**F. A. Orsinger**, manager of the Commercial Service Bureau, Chicago, appointed **L. H. Osgood** as his assistant. Mr. Osgood formerly was employed by Fred. S. James & Co. and resigned as assistant manager of the American Indemnity's Chicago branch to become affiliated with the bureau.

### Cover Alaska for General

**Groninger & Co.**, Seattle, have been appointed to represent the General Accident in Alaska. **F. R. Sheppard & Sons**, Juneau, are sub-agents.

### Wilkins Staff Adjuster

**SEATTLE**—**E. R. Wilkins**, formerly of the firm of Wilkins & Milot, has been appointed staff adjuster at home office

of United Pacific Casualty. He was formerly claims manager in the northwest for National Union.

**J. O. Stewart** of Dallas has been transferred to the San Antonio, Tex., claim office of the Employers Liability.

### Ohio Managers Meet

**COLUMBUS**—The Ohio Association of Casualty & Surety Managers at its December meeting considered the re-rating of Ohio on automobile now in progress and some suggestions were offered. A conference was held with **Burt Miller**, attorney for the bond division of the department of liquor control, relative to the filing of renewal certificates on liquor license bonds. An official form of receipt for premiums as required by the division was prepared. It is expected that the committee which considered bonds of public officials will make a report to the governor this week. On this committee are representatives of the Ohio Association of Insurance Agents,

casualty and surety managers and domestic casualty companies.

### Virginia Against Compulsory Plan

**RICHMOND**—Opposition to compulsory automobile liability insurance was voiced in a report submitted to Governor Peery last week by the state advisory legislative council. The report was submitted for transmission to the legislature next month. That form of insurance was opposed on the grounds that it would not reduce motor vehicle accidents, would result in increased litigation, would boost rates, and because it had not proved satisfactory in states in which it had been tried. The report urged adoption of laws providing for a specific limit of 55 miles per hour for passenger vehicles and motorcycles, 35 miles for school buses while transporting children, 50 miles per hour for other passenger buses, and 45 miles per hour for all other motor vehicles including trucks.

## WORKMEN'S COMPENSATION

### Wisconsin Rates Are Cut 10%

**Commissioner Mortensen Refuses to Approve Smaller Reduction Proposed by Bureau**

**MILWAUKEE**—An average reduction of 10 percent in workmen's compensation insurance rates, retroactive to Nov. 1, 1937, has been put into effect in Wisconsin for the coming year. The rating committee of the Wisconsin Compensation Rating & Inspection Bureau has adopted a resolution to propose the new rate level in conformance with the wishes of the Wisconsin department.

The first suggestion of the bureau in regard to the 1937 rate revision was for a 4.3 percent reduction and later this was increased to 7.6 percent. The commissioner would not approve the rates as filed but indicated that he would approve a 10 percent reduction. An effort was made to secure approval of a net reduction of 9 percent, in view of the 1937 amendments to the Wisconsin compensation act which had been calculated as increasing costs 1 percent. These amendments changed the maximum benefits for non-disabling silicosis, extended permanent total disability from 10 years to life and changed the method of determining the average weekly wage of partial employment to a normal full-time basis. A 10 percent net reduction in rates therefore is actually an 11 percent increase in costs due to the amendments.

Recently a committee of local agents waited on Commissioner Mortensen to canvass the rate revision situation thoroughly but was unable to convince the commissioner of the desirability of approving the rates as filed.

### Less "Stop Loss" Coverage

**LANSING, MICH.**—While London Lloyds, through various devious channels, seems to be active in the Michigan compensation field by reason of its provision of "stop loss" coverage, a plan not available to licensed carriers, Michigan department officials say Lloyds seems to be adopting a more careful policy in accepting this business and that fewer "prospects" are being granted coverage.

It is thought possible the adoption of the occupational disease amendments to the compensation act may have been a factor. It is also reported that Lloyds' operations have been so extensive that they have "skimmed the cream of the business."

### Wisconsin Commission's 25 Years

**MADISON, WIS.**—Representatives of industry and labor joined with present and former Wisconsin state officials in celebration of the 25th anniversary of

the Wisconsin industrial commission. Former Governor **F. E. McGovern** of Milwaukee, who signed the bill creating the commission in 1911, was a speaker. Wisconsin was the first state to adopt a compensation law.

### Accident Costs Threaten Profits

**PITTSBURGH**—Coal operators' margin of profits is threatened by high accident costs, **R. N. Hosler**, superintendent of the coal mine section of the state compensation rating and inspection bureau, said at the annual meeting here of the Coal Mining Institute of America.

Pointing out that the direct cost of compensation in some individual operations is so high as to be almost prohibitive, he stated that the indirect cost has been estimated to range from three to seven times the direct cost.

### Colorado Fund Report

**DENVER**—Premiums of the state compensation fund for the first 11 months total \$1,541,634, compared to \$1,492,096.77 for all of last year. Loss payments were \$1,041,957 to date, compared with \$878,000 for 1936. The average cost of industrial accidents was \$54.88, including compensation and medical expenses. The average for the entire country is approximately \$70.

### Probe Long-Haul Lloyds Treaties

**LANSING, MICH.**—Michigan department officials are becoming somewhat agitated by reports that some mutual auto carriers licensed in this state have been insuring their long-haul truck business 100 percent with London Lloyds. No ruling has been promulgated but a quiet inquiry is being pursued.

It is pointed out that if such a practice exists—and department executives are fairly well convinced that it does—the direct-writing carriers are obviously evading the law and are, in effect, merely acting as agents for Lloyds, which is non-admitted in this state and unable to qualify for license under Michigan laws.

Officials are unwilling to commit themselves but some observers think it probable that a rule may be established eventually, prohibiting reinsurance treaties with carriers unable to comply with the terms of this state's licensing law.

### Require Drivers to Insure

**BOSTON**—Representative **Rosenfeld** of Milford has filed a bill for consideration at the coming legislative session which would require all licensed automobile drivers, rather than car owners, to carry compulsory liability insurance. The bill also provides for a state wide flat rate, with a \$10 raise for each of the first three accidents charged against a driver.

**Ohio Safety Congress** will be held in Columbus May 10-12. **T. P. Kearns**, superintendent of the division of safety and hygiene, is chairman.

## Man Who Paid Associated Adjusters \$5 Speaks

An adjuster of San Angelo, Tex., sends this report of his experience with Associated Adjusters, the Milwaukee concern that for a \$5 bill says it will make an adjuster of the contributor:

"I have followed with some interest various articles relative to the activities of Associated Adjusters, and there can be no element of doubt as to its real purposes and that the concern is permitted the use of the U. S. mails is a strange thing to this writer.

"I am an independent adjuster. In the summer of 1936 some one called my attention to a classified advertisement in a local paper which indicated the need for casualty adjuster for this section. I 'bit' and asked for more information, which was promptly forthcoming with the request for \$5 admission fees and an agreement that upon completion of investigation as to qualification, if found worthy and well qualified I might expect to acquire a territory with a radius of 100 miles. It smelt rather phoney but I had my secretary send along a check for \$5, stating to her at the time that it would be worth that sum to me if it brought a claim now and then, but that from another angle it would be worth the five to know just what the scheme might be.

### Many Other "Suckers"

"Since that time I have noticed quite frequently the same kind of classified advertisement in the same paper from which I made my discovery and it appears that there are numerous 'suckers' in this section who are led to believe that they can be easily trained for the kind of work mentioned and that such as have responded have been assured, as was I and on which I hold contract, that they might have a territory with a radius of 100 miles. I have in mind a sheepherder of El Dorado, Tex., who came to me for counsel and showed documents all in line with the above. I advised him to keep his fiver and forget it and told him that I had a contract embracing the most of his territory and that it had proven worthless. Later on he visited my office and stated that he had been offered the contract for \$2.50 cash and the remainder on time, or payable out of his first fee. I told him to keep his \$2.50 and buy a hat with it. Three others, one from Mertzon, near this point, a small village, another in San Angelo and one from Ballinger came to this office for counsel and received the same advice as that given the sheepherder.

"Need more be said of this layout? Yet they are using the U. S. mail apparently and still throwing bait to suckers, of which one or more is born every minute."

### House Organ Wins Prize

"The Lanphar Counsellor," house organ of the Lanphar Agency, general agent of the Standard Surety & Casualty and Yorkshire Indemnity in Detroit, was given second prize in a competition for the best house organ by "Freehold," the semi-monthly publication of the National Association of Real Estate Boards. It is also the house organ of M. H. Lanphar & Co., realtors.

### This is to you MR. INSURANCE EXECUTIVE

who is making personnel changes in your Claim Department. I've had fifteen years claim practice handling all types of claims and managing claim departments. If interested let's get together and talk it out, this interest being indicated by addressing

G-45, NATIONAL UNDERWRITER

**Pave the Way**—An accident policy sale is the easiest way to get acquainted with your prospect and pave the way for other lines. For suggestions that sell read *The Accident & Health Review*, A-1946 Insurance Exchange, Chicago. Sample 10c.



## Credit No Rumors of Shelving Code, Chairman Warns

(CONTINUED FROM PAGE 23)

sult in a decrease in surpluses aggregating \$36,725,924 while surpluses would be reduced by 39.7 percent.

Mr. Drake also objected to a provision that would permit stockholders' dividends to be paid only out of "earned" surplus, that is dividends could be paid only "as earned." He questioned the meaning of the term. He said that as such a change could be interpreted it would have a serious effect on the raising of additional capital by casualty companies and that the restriction is so drastic that some of the strongest companies could not pay dividends. He said that there have been no abuses through the payment of dividends and called attention to the fact that even the proposed law would impose no such restrictions on the fire companies.

### Small Capital Requirement

Deputy J. F. Collins of the New York department said that the object of the restriction is to offset what the department considered the unduly small minimum capital requirement and was aimed at companies which might want to take on too much new business and thereby cut down their margin of surplus to the danger point. C. A. Wheeler, chief of the casualty bureau of the department, said the department wished to keep down the investment trust aspect of casualty companies, also the advertising of a large amount of capital and surplus and then paying out dividends which would make serious inroads on surplus.

What the department wishes to avoid also, he said, is cutting down capital to surplus and then paying out dividends. In such a case dividends should be held so as to build up capital to the point where it was when it was the basis for the assured's trust in the financial soundness of the company, Mr. Wheeler stated.

### Travelers Man Speaks

T. F. Tarbell, casualty actuary Travelers, said that he thought the provision for higher reserves in the case of public liability and workmen's compensation could be taken care of by a provision permitting the department to demand higher reserves of such companies as examination indicates need to be so bolstered. He said that 95 percent of the companies do not need this requirement and that it is unwise to incorporate into the law a requirement for the 5 percent that might need it which can be taken care of by the department's requiring a higher reserve of them individually.

He also pointed out that there is less danger in the future, as substitution of the calendar year for the policy year

(CONTINUED ON PAGE 32)

## Trend in A. & H. Decisions Is No Longer Favorable

(CONTINUED FROM PAGE 23)

whether the amount is sufficient to get the case into federal court. Mr. Pauley said that in a case where it appears cer-

tain that a company is to be sued, it may be advantageous for it to take the initiative through a proceeding of this sort, as it throws the burden on the other party to prove that the amount in controversy is not above the \$3,000 limit, while if suit is brought and the company seeks to transfer it to federal court, the burden is on it.

In a Wisconsin case against the Preferred Accident, the amount involved at the time suit was brought was not sufficient to bring the case under federal jurisdiction. Just before the case came to trial, an amendment to the petition was filed to include all accrued indem-

nity up to that date. This brought the amount to a point where the company was able to file a motion for a transfer to federal court, but the Wisconsin court allowed the attorney to withdraw his amendment and retained jurisdiction.

There is another angle in connection with transfers to federal courts, recently, which may have rather a disturbing effect. A Missouri policyholder assigned a claim against the Hartford Accident to a Hartford attorney, who thereupon brought suit in Missouri and the proceeding was upheld, although the assignment to the attorney was merely as trustee for the real claimant. A similar pro-

ceeding has also been reported against a Massachusetts company.

### Schewe Conducts Class

PITTSBURGH—H. P. Schewe, New Amsterdam Casualty, conducted the class on workmen's compensation and employers liability in the Frick Training School. He substituted for R. H. Furner, resident manager Maryland Casualty.

The classes are sponsored by the Insurance Club of Pittsburgh with the cooperation of the Pittsburgh board of education.

"Unforeseen events . . .  
*need not*  
so often change and shape the course of man's affairs"



" . . . . . Him?  
Why, he locks  
barn doors,  
son."

Come, come, Mr. Morrison—you're talking in riddles to the boy. You'll make him think Bill Hudson is a bit eccentric. Can't you hear the youngster snort—"Huh! Locking barn doors! What for?" Complete the sentence: "...before the horse is stolen." Then tell him it's a figure of speech. Tell him that Bill is a Maryland agent ...that his job is to protect men and their businesses against every-day hazards like a boiler blowing up, an embezzlement of funds, an automobile crash or an accidental injury...that he does lock the door for his clients against financial loss...that he is one of 10,000 well-trained men who are alert to provide Maryland protection for their clients through casualty insurance and surety bonds. And while you're on the subject, Mr. Morrison, you can tell the lad for us that we think Bill is doing a bang-up job.



### CASUALTY MAN

Wanted by established local agency in Chicago, experienced Casualty man to handle Workmen's Compensation, Public Liability and Boiler insurance. Advise age, experience and salary. Strictly confidential.

ADDRESS G-83 NATIONAL UNDERWRITER

### WANTED

A direct connection with Reliable Stock Casualty Company writing multiple lines. Will give large premium volume first year by a large well-established insurance agency located in Southern Kentucky.

ADDRESS G-84 NATIONAL UNDERWRITER

## THE MARYLAND

MARYLAND CASUALTY COMPANY • BALTIMORE

SILLIMAN EVANS, Chairman of the Board

EDW. J. BOND JR., President

This advertisement appears in FORTUNE • TIME • NATION'S BUSINESS  
and BUSINESS WEEK during the month of December

## NEWS OF CASUALTY COMPANIES

### Judge Upholds 20% Levy

**Solvent Policyholders Must Make Good All Claims in Builders Mutual of Madison Case**

MADISON, WIS.—With unpaid compensation claims amounting to \$135,000 included in aggregate liabilities of some \$160,000, policyholders of the Builders Mutual Casualty of Madison, will be obliged to pay a second assessment of 20 percent upon earned premiums on workmen's compensation policies for the years 1926 to 1932, inclusive. Circuit Judge Reis of Dane county has granted the petition of Commissioner Mortensen to levy the assessment, which is calculated to reach \$495,589. The commissioner is statutory receiver of the mutual now being liquidated. It is expected that only about one-fourth of the assessment is collectible, based on the experience with the first assessment.

The Builders Mutual, composed of about 3,000 building contractors was being operated by H. M. Howitt and H. L. Geisler under a management contract

when it was ordered liquidated in August, 1933. Later that year Judge Zimmerman, since deceased, authorized the first assessment aggregating \$451,019. Of this only \$169,279 has been collected, although \$25,000 is believed still collectible. In all, 1,300 suits were brought against policyholders for unpaid premiums and assessments.

Judge Reis was called upon to decide whether to make a second general collection against all members of the mutual or to permit each one to pay his own losses. The general assessment was asked by Commissioner Mortensen, and the other plan was proposed by some 60 policyholders. The court decided upon the general assessment, declaring it to be required by law.

"The issue is whether members in the mutual company shall all stand assessment which is their contractual duty, or whether each employer shall pay claims against him out of his own resources," Judge Reis said. "As to the financially irresponsible employers, a resort to personal funds as a means of compensating injured workmen is an empty gesture."

Judge Reis stated the question then

arises as to whether injured workmen are to be given "reasonable assurance of compensation by an assessment adequate to cover all claims" or whether those claimants "whose employers have turned out to be worthless shall be denied compensation altogether."

Commenting upon the fact that financially sound employer members of the mutual will have to carry the burden of those not financially able to meet the assessment, Judge Reis said: "Wisconsin mutuals in compensation insurance have worked out in general, we believe, with success. When and if a crash does come, however, as here, then the stronger members are held to account for the failure of the weak."

Judge Reis stated "that this court has no alternative other than to authorize the assessment."

### Broad Street Mutual Starts

**New Boston Company Is Headed by William Joseph Howard, an Insurance Broker of the City**

BOSTON—The Broad Street Mutual Casualty recently chartered, has received a temporary license to write automobile liability and general liability, accident and health, and expects by another week to have secured the necessary \$100,000 in subscriptions for new business to begin operations on Jan. 1, devoting itself largely at the outset to automobile liability.

The company has been organized by W. J. Howard, an insurance broker for some eight years at 177 State street. He is a graduate of Boston College and has done much work in appraisals for the Federal Housing Bureau and HOLC. He will be president. T. J. Hoppe, accident and research analyst, employed by the city in its traffic division, will be vice president. G. J. Philpott, an accountant, graduate of Boston College and the Boston University School of Business Administration, will be treasurer, and J. A. Dolan, an auditor, will be secretary and personnel manager. The latter is a graduate of Canisius College.

The company will have offices on Liberty Square and the recently formed Hub Insurance Agency, member of the Boston Board of Fire Underwriters, will act as the general agency. The company will provide a financing plan and provision has been made for the reinsurance of the business in an old line stock company.

An experienced underwriter, now with a stock company, will be placed in charge of the underwriting at the opening of business.

### Aetna Life Bonus and Dividends

A bonus to employees equal to one-half of one month's salary and extra dividends to stockholders have been declared by the Aetna Life companies.

The regular quarterly dividend rate of Aetna Life has been increased from 20 cents to 25 cents and an extra of 20 cents was voted. As a result, distribution to stockholders this year will amount to \$1.10 against 95 cents last year.

Aetna Casualty declared an extra of \$1 and increased the regular rate from 50 cents to 75 cents.

The Automobile declared an extra of 30 cents as compared with 20 cents last year and voted the regular quarterly rate of 25 cents.

All dividends are payable Jan. 3 to stock of record Dec. 11.

### National Indemnity Explains

Jewel P. Lightfoot, attorney for the National Indemnity Underwriters of America, with home office in Fort Worth, Tex., states that the newspaper stories which told of a receiver being appointed for the company were in error. According to Mr. Lightfoot "the receiver was appointed to collect certain sums due on premiums from agencies which had been assigned to a citi-

zen of Dallas who had executed appeal bonds on certain cases that had been appealed to higher courts. Such was the authority of the receiver and in no way involved the taking possession of the affairs of the National Indemnity Underwriters of America."

The case received extra publicity because Judge McCallum of the Dallas district court, appointed S. O. Lincecum, a court bailiff, as receiver and Sheriff Smoot Schmid of Dallas county protested against one of his deputies being named to such position.

### Reincorporates in D. of C.

The Government Employees Insurance Company of Fort Worth, with executive offices in Washington, D. C., has now been reincorporated in the District of Columbia. It has assumed the business of the Texas corporation. In September, 1936, the Texas company took over the assets and liabilities of the Government Employees Insurance Association, which was a reciprocal. As of Dec. 31, 1936, Government Employees of Texas reported assets \$295,584, loss reserve \$15,354, premium reserve \$65,598, capital \$150,000 and net surplus \$63,227. Premiums written in 1936 were \$103,696. It writes all automobile lines. Leo Goodwin is vice-president and general manager.

### F. & D. Pays Extra and Bonus

The Fidelity & Deposit has paid a bonus amounting to two weeks salary to its employees, just as it did last year. On Jan. 3 F. & D. will pay an extra dividend of \$1 to stock of record Dec. 14.

An extra dividend of \$1 had previously been paid in July, making a total of \$6 in dividends which have been declared by F. & D. this year.

### Court Lets Down Bars on Physician's Giving Evidence

MADISON, WIS.—Setting aside a decision of the Milwaukee county circuit court, the Wisconsin supreme court rules that professional ethics and the state law should not always shield a physician from giving court evidence. The opinion held that the Prudential need not pay a \$500 policy of Albert Kozlowski, who died a month and three days after the policy was issued. The company alleged he had been receiving treatment at the county dispensary before the policy was issued. The lower court had ruled out testimony of a nurse and x-ray operator that Kozlowski suffered from an incurable heart ailment.

"If the disclosures to the physician be such as not to subject the patient to shame or affect his reputation or social standing," the opinion said, "there is no reason why the physician should not disclose them, and there is sound reason why in the interest of truth and justice he should be compelled to disclose them. The physician's exemption should in reason be limited to such disclosures as would injure the patient's feelings and reputation."

It was noted that the legislature had omitted to exempt nurses and x-ray operators and that "it is not for the court to exclude their testimony."

### Many Auto Appeals in Bay State

In accordance with the new Massachusetts statute requiring insurers to notify assured through local agents prior to Dec. 1 of their intention not to renew automobile policies for the coming year, the Massachusetts board of appeals on motor vehicle liability insurance has already received about 9,000 appeals from motorists whose insurance has been canceled or whose application for new insurance for renewal has been refused. In 1936, only 4,502 appeals were filed during the year. Hearings have been held on some 600 cases and decisions are now pending. About 900 cases are yet to be heard.

Commissioner DeCelles states that night sessions of the board of appeal might be ordered in view of the congestion of cases.

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GREETINGS  
FROM THE COMPANY  
THAT WORKS WITH YOU  
BUILDERS &  
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CASUALTY COMPANY**

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General  
LIABILITY  
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AUTOMOBILE  
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Workmen's  
COMPENSATION





## Patent Protection Is Line That Has Possibilities

One of the few organizations in the country that offers a so-called patent protective service is the Patent Protection Corporation of 116 John street, New York City. To each contract issued by this concern is attached an individual bond of the United States Guarantee which guarantees the full performance of the contract.

The contracts of this concern are available in all states except Idaho, New Mexico and Wyoming. The company was incorporated in February a year ago. The president is Franklin Davies. As a young man he served in the head office of Royal in Liverpool. Six years later he joined the United States headquarters of General Accident. Then he went with Aetna Life where he served for 17 years as field superintendent in the east. He became business production manager for Maryland Casualty and resigned that position in 1934 to promote Patent Protection Corporation.

### Protective, Defense Contracts

Several types of contracts are issued. Three are classified as protective contracts. One is written in respect of one patent only. Another is written in respect of several patents but covers one suit only. The third is written in respect of several patents covering one suit on each patent. For the first type of protective contract the rate is 4 percent. The rates on the multiple protection contracts range from 5 to 8.5 percent.

There are four covers designated as "defense contracts." One covers litigation and damages, another litigation and damages including customers, another damages only and the final one damages only including customers. The rates depending upon the amount of indemnity and the type of contract range from 2 to 9 percent. The highest rate is on amounts of indemnity ranging from \$5,000 to \$25,000 under the contract covering litigation and damages including customers.

The concern also issues what it calls a patent accumulation reserve and service contract.

The protective contract written in respect of one patent covers legal expenses of suits brought by contract holders against infringers of their patent or trademark. The protective contract written in respect of several patents, one suit only, covers legal expenses of suits brought by contract holders against infringers of their several patents or trademarks, one suit only. The contract written in respect of several patents, one suit on each patent, covers legal expenses of suits brought by contract holders against infringers of their several patents, offering protection in connection with one suit on each patent if necessary.

### What Is Provided

In connection with the protective contract, the company states that when a contract holder gives notice to the corporation of an infringement of his patent, the corporation first attempts to reach a settlement satisfactory to the contract holder and in so doing, avoid unnecessary litigation, but should a satisfactory disposition of the matter be impossible, then the contract holder may, through an attorney named by him and approved by the corporation, enter suit against the infringer. The cost of such action is borne by the corporation and the amount so paid is limited only by the face value of the contract.

The defense contract covering litigation and damages takes care of legal expenses of defense of suit and damages which may be awarded against contract holders for alleged infringement of patents or trademarks of others.

The contract covering litigation and damages including customers takes care of legal expenses of defense and suit and damages which may be awarded against

the contract holder as well as his customers and others who may be liable to suit by reason of the manufacture, sale or use of the patent or trademark held by the contract holder. A certificate of protection is issued by the corporation to each customer named by the contract holder.

The contract covering damages only takes care of damages but excludes legal expenses, which may be awarded against contract holders for alleged infringement of patents or trademarks of others.

The contract covering damages only including customers takes care of damages but excludes legal expenses, which may be awarded against contract holders as well as his customers and others who may be liable to suit by reason of the manufacture, sale or use of the patent or trademark held by the contract holders. A certificate of protection is issued to each customer.

### Infringement of Patent

In connection with defense contracts, when a contract holder is threatened by suit or infringement of another's patent, the corporation upon notification from the contract holder, endeavors to institute negotiations with the object of disposing of the matter without litigation. Should suit be filed, however, the corporation pays for legal cost of defense as well as any damages awarded against the contract holder. Selection of counsel is made by contract holder approved by the corporation.

The patent accumulation reserve and service contract is devised for groups of manufacturers desiring to create a fund for protection against infringers of their patent, or defense of alleged suit for infringement brought by others. The fund is created by partial payments at stated intervals by each member manufacturer, and the fund is available for prosecution of infringers or defense of infringement. The fund is administered under the joint control of a committee appointed by the group and the corporation. The corporation in cooperation with the attorneys representing subscribers to the fund gives its complete service in the conduct of negotiations to avoid suits against members of the group and in the case of infringement against patents of members of the group negotiates with the infringers in an effort to secure a settlement satisfactory to the members. In the event of litigation the corporation will give every assistance to the attorneys selected by the group. Upon expiration of the contract, the whole of the unexpired balance is returned to the group.

Patent Protection Corporation cites advantages to owners of patents or trademarks, manufacturers and investors.

Frequently patents or trademarks are the foundation upon which a manufacturer builds his business. If the patent or trademark rights are destroyed frequently it is impossible to replace them. A manufacturer should protect his patent or trademark as he safeguards his plant and equipment, the corporation contends.

New inventions that are financed by syndicates or individual investors depend upon the strength and validity of the patent or trademark granted by the government. If there is patent insurance the investor protects his investment in a manner otherwise impossible and reduces the risk associated with the financing.

This protection, according to the corporation, is of value to banks or others loaning money to industrial enterprises where the basic security of the loan rests in a patent or trademark. It is valuable to financial underwriting houses in the issuance of capital stock for properties having patent grants. Particularly is this true since the enactment of the securities act.

## SLOGANS

*Slogans are a fine thing—if practice carries them out. To the American Casualty Company, SERVICE, SECURITY, and SATISFACTION are more than mere words on the company's emblem.*

**SERVICE . . .** Preparation of individual sales material—modernized policy contracts—policy analyzers—carbon inserted, typewriter spaced policies—full cooperation in every detail.

**SECURITY . . .** Established stock company backed by 35 years of sound underwriting—over \$3,000,000 admitted assets—policyholders surplus over \$1,000,000.

**SATISFACTION . . .** Personal interest in both agents and insureds—prompt, friendly nationwide claim service—an appreciation of the other person's problems and ideas.



Pennsylvania's Oldest Multiple Line Casualty Company

**KEEPING EVERLASTINGLY AT IT**  
FOR OVER FORTY YEARS  
(Since May, 1895)  
**HAS TAUGHT US HOW**  
TO SATISFY AGENTS AND POLICYHOLDERS

**UNITED STATES CASUALTY COMPANY**  
Home Office: 60 John St., New York

Send 9 cents in stamps for sample copy of  
**THE ACCIDENT & HEALTH REVIEW**

*The only exclusive accident and health paper published.*  
It gives ideas and suggestions that help you sell income protection insurance.  
Address your inquiry to A-1946, Insurance Exchange, Chicago

## American Auto Takes Lead in Illinois Fight

(CONTINUED FROM PAGE 23)

added that practically all of the 35 companies using the occupational rating plan in determining insurance costs are expected to join in the court contest.

"Director Palmer's decision," Mr. Loring declared in a formal statement, "would discontinue the so-called occupational rating plan and will boost by 25 percent insurance costs of many thousand car owners in Illinois."

"It revives for the car owners the days when rates were based on the horsepower of the car and the territory in which it was driven regardless of the use to which the car was put. The effect will be to penalize the driver of the family car as against the driver of the business car."

The ruling against occupational rating becomes effective Jan. 1. Those companies that made such a filing are required to refile rates on or before that date.

The Illinois department, according to Mr. Palmer, recognizes the full force of

the arguments advanced by those supporting occupational rating plan, but feels that approval of them is impossible for various and obvious reasons. He enumerates his objections as follows:

1. The plans submitted cannot avoid discrimination as under them it would be possible that two individuals of equally high character owning identical automobiles, maintained and operated in the same way, and going the same distance over the same roads, be given different rates.

2. The plans appear as an effort to rate moral hazard primarily, and differences in experience which may develop are more the result of selection of risk than of difference in rate.

### Detailed Experience Lacking

3. Over-all experience on all automobile business in the state indicates the necessity for certain rate levels and no comprehensive or detailed experience data was submitted in defense of any of the so-called "occupational rating plans" to substantiate rate differentials.

4. Our information would indicate that no similar plans have been approved elsewhere (no information to the contrary was submitted), and in automobile insurance, nation-wide uniformity is advisable so far as is possible.

5. It would be possible that the named assured or individual to whom rate credit is allowed may never drive the automobile insured, the car at all times being driven by other members of the family or employees.

6. All rates must be based on the principle of broad average and if artificial methods are established for selecting preferred business, the principle of broad average is broken down resulting in inordinately high rates for a substantial volume of business.

### Commercial Car Situation

7. Comparison with classification of commercial automobiles by use for rating purposes is not sound because commercial car classifications are the result of tabulated experience and the differences of hazard are obvious.

8. Concrete examples of discrimination in classifications submitted can be readily cited.

9. Occupational classifications in some plans submitted are widely different from others, as for example, while some classify doctors as preferred risks carrying the lowest rate, others class them as non-preferred carrying penalty rates.

10. Some companies writing all automobile coverages apply the plan to certain coverages only but it would seem that if arguments in favor of the plan were sound they would apply equally to all forms of automobile coverage.

### No Bearing on Certain Losses

11. It is probable that a considerable proportion of automobile accidents occur after business hours, nights, Sundays, holidays or during vacations when rating plans based on occupational or business use would have no bearing.

12. Rates for all companies are based on essentially the same fundamental structure and a general use of such plans as these submitted would tend to nullify all experience gained in the past.

"The occupational rating plan bases insurance rates for private passenger cars on the occupation of the owner, the frequency of exposure to accident hazards and on the business or non-business

use of the car," Mr. Loring's statement declared. "The court test of Mr. Palmer's disapproval of this plan will be watched by motorists throughout the United States since it is the first time that the theory of occupancy as applied to insurance rating has ever been challenged."

"The rates used for personal accident, fire and motor truck insurance are all based on occupation. The insurance director cannot, in justice to passenger car owners, deny them this altogether fair, equitable and old-established method of insurance rating."

### Common Sense Theory

"Common sense tells us that the mechanic driving his car to work, parking it in the factory lot and driving home at night, with a little pleasure trip on his day off, is entitled to a cheaper rate than the city salesman who drives at high rates of speed all day long in the thick of city traffic."

"If the ruling of Director Palmer is sustained, it will be at the expense of the average driver, the fellow who pays the bills, and not at the expense of the insurance companies."

"There is nothing experimental about the occupational rating plan. The American Automobile has used it in Illinois since April, 1933, to the benefit of thousands."

"It is hoped that Mr. Palmer's action means only that he is passing on to the court the final responsibility of approving this altogether fair and non-discriminatory plan of automobile insurance rating."

## Lloyds Proposal Made to Illinois As a Compromise

(CONTINUED FROM PAGE 25)

fleets, the minimum being \$500, public liability and property damage \$200, fidelity \$200. The minimum premium rule will not apply to fire, personal accident, inland marine except at conference rates and forms, riot and civil commotion. The regulations do not apply to risks not easily obtained in American markets. London Lloyds stipulates that there shall be no deductible or other variations that could be used as a substitute. Furthermore, it agrees not to use a "fronting" company to write risks and have all the business reinsured in London Lloyds. In other words it will have no "stooges."

### Use of "Flat" Premium

Some bewilderment is caused by the use of the word "flat" premium in the proposal of London Lloyds of the course it intends to pursue after Jan. 1. Apparently the word "flat" is used to designate a premium of so much per thousand dollars of agreed liability, as distinguished from the payroll or other basis of calculating premium.

This Lloyds' proposal has been in the hands of its representatives in this country for about 30 days. Observers believe that Lloyds in this proposal, does not deprive itself of much business, except small individual policies that have caused Lloyds a good deal of trouble. In certain fields Lloyds already has a lion share of the business and in view of the fact that renewals are not to be disturbed, some of those who have felt the sting of Lloyds competition feel that the proposal offers no relief.

Palisade, Colo., has requested an inspection and survey for a reduction in rates. It has improved its fire fighting equipment and added several hydrants.

## Credit No Rumors of Shelving Code, Chairman Warns

(CONTINUED FROM PAGE 20)

basis has cut down the lag between experience and its reflection in rates.

R. M. Brann of the Bureau of Personal Accident and Health Underwriters protested against casualty companies not being permitted to write non-cancelable accident and health insurance. He said that while the casualty companies are not at present interested in writing this coverage, they would like to have the same rights to issue it as the life and accident and health companies would have under the new law.

Speaking from a reinsurance company angle, W. W. Greene, vice-president General Reinsurance, said that the proposed more drastic requirement covering claim reserves on liability and workmen's compensation would result in especially excessive reserves in the case of reinsurance companies business on an excess of loss basis. He said that the result might be to boost Schedule P reserves by 75 percent. He said he didn't mind excessive reserves but said he saw no sense to it, and recommended that the superintendent have discretion to prescribe smaller reserves in excess of loss cases but still on an adequate basis.

### Sees New Mutuals Hit

A. V. Gruhn, general manager American Mutual Alliance, said his organization looked with concern on the requirements of the proposed law which would make it virtually impossible to start a new mutual company, saying that successful mutual companies could not have been organized under the proposed law and that the law "constitutes a deference to size to which size is not entitled." It is a wholesome thing for the insurance business that these mutuals may be formed, he said, and many of them have been organized in protest against the way the insurance business was then conducted.

"If New York sets up requirements such as those proposed," he said, "you spell the end of insurance as a private institution."

Mr. Gruhn submitted a memorandum indicating that size is no guaranty of solvency. No yardstick of size will protect the public, he said. He intimated that the shutting of new mutuals would mean that those desiring to protest against some phase of the insurance business would have to resort to demands upon the government rather than forming their own organizations.

### National Surety Settlement

Final settlement has now been effected of the action brought by National Bondholders Corporation against 158 officers and directors of the old National Surety. The defendants have made a total payment of \$1,350,000 and the deal has been approved by Supreme Court Justice McCook of New York. New National Surety is in no way interested.

J. R. Curran, executive special agent New York Underwriters, Chicago, who has been transferred to the Pacific Coast office as one of the associate managers, will leave Chicago Dec. 18. He will stop in Des Moines about a week to visit his mother. He will also visit Kansas City, Phoenix and Los Angeles en route, reaching San Francisco about Dec. 30.

The revised edition of *Right to the Point* answers 345 pertinent questions for agents.—\$1 from National Underwriter.

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# POINTERS FOR LOCAL AGENTS

## Forceful Method Used in Selling Supplemental Form

An outstanding talk on the sale of the supplemental contract, or extended coverage, was delivered before the meetings of the North Carolina Association of Insurance Agents by J. C. Nicholson, Winston-Salem. Mr. Nicholson refused to discuss the technicalities of the coverage or the rate schedule, stating that the companies and the inspection bureaus would be glad to do that. He looked upon the supplemental contract as imposing a responsibility and an obligation upon an agent, and showed what his office had done to spread its use.

Recalling the agents' meeting at Greensboro in April, 1936, Mr. Nicholson stated that the supplemental contract had just been made the subject of criticism and ridicule on the part of a number of agents when word arrived of the devastating tornado which had struck Concord that morning. By telephone, Mr. Nicholson instructed the newspapers in his town to carry a display advertisement on the supplemental contract. That afternoon a second tornado struck Greensboro. The following day Mr. Nicholson's agency sold 17 times more supplemental contract coverage than it had sold windstorm insurance in its 25 years of existence.

### Easy to Sell

"Supplemental contract," declared Mr. Nicholson, "is the easiest insurance to sell that I have ever offered to the public. It is not so much a question of premium accruing for the benefit of your agency and your company, but a question of responsibility that you owe to your clients. Therefore, tell them about the supplemental contract—advise them—counsel them."

As a result of a letter sent to all his policyholders, accompanied by a circular describing the effects of damage by windstorm, explosion, and other hazards covered by the supplemental contract, Mr. Nicholson has added the supplemental contract to 90 percent of the insurance carried by his agency. Three general agencies whose companies he represents declare that he leads all their agents in the sale of this coverage.

An insurance agent, declared Mr. Nicholson, has responsibility similar to that of a physician or lawyer. Clients rely upon him to provide them with proper coverage and should he incorrectly diagnose their needs or fail to cover them properly, he will lose the faith and confidence of public and his opportunity for success. Further, the supplemental contract affords fire insurance companies and agents the best opportunity to keep up their income in the face of premium reduction, mutual competition and marine companies cutting in on fire business. The supplemental contract also gives an agent an opportunity to remove technicalities from policies and get paid for it, and at the same time help the good name of insurance among all policyholders. "It takes one line of the policy," he stated, "to say 'does insure against all direct loss or damage by fire' and 112 and a few more lines to say what it does not insure. Then about 112 more lines to say what we don't mean. The supplemental contract heals these technicalities."

The following is the letter used by Mr. Nicholson:

"This is the most important letter that has ever gone out from this office. This identical letter is going to more

than 2,000 policyholders through this office. We cannot therefore typewrite an individual letter to each, but it is an individual message to each policyholder who receives one, and we want you to consider it as a personal letter for we are placing our insurance department on record as having issued this word of warning to you.

"Should your property burn and you be unable to collect the loss, would you not be greatly disappointed? That is possible! Last April several property owners in Concord and Greensboro found that very true indeed. Buildings were damaged by windstorm, and then fire destroyed buildings and contents. Property owners then discovered a clause in their insurance policies that prevented their collecting the loss they had sustained.

"Fire insurance policy contracts in all companies are identical and concur-

rent. These policy contracts are not made by the insurance companies, but are prescribed under the insurance laws of North Carolina.

"The standard North Carolina fire insurance policy contains this wording: If a building, or any material part thereof, falls, except as the result of fire, all insurance by this policy on such building or its contents shall immediately cease. (lines 68-71)

"The windstorms which swept through North Carolina on Jan. 19 and April 2, 1936, and again on Feb. 21, 1937, damaged buildings which later burned together with their contents. Although all the properties so burned were insured against loss and damage by fire no insurance was collected by reason of the above paragraph. Should these property owners have had the protection as explained on the enclosed sheet they would have collected every penny of their insured loss.

"The need of this protection has therefore been 'brought home' to policyholders. Consequently hundreds of our policyholders have already fortified themselves with this additional protection and are safe and secure when the next 'blow' comes. Consequently we have sold \$2,558,755 of this protection.

## Exposition of Automatic Builders Risk Form

An exposition of builders risk reporting form with automatic cover clause was given to those attending the mid-year meeting of the Arkansas Association of Insurance Agents by F. M. Coates of the Coates & Coates general agency, Little Rock.

He observed that the reporting form builders risk may now be written for all risks regardless of the values involved.

The old straight builders risk form has to be issued for stated amounts that can be increased by a rider on a pro rata basis to take care of additional values. It can be written with or without contribution clause. There is no automatic coverage and unless the insurance is increased immediately upon the increase in values, the assured is not covered for the increase. It may not be canceled pro rata unless the regular rules for cancellation are followed.

### Automatic Coverage Given

The automatic form, on the other hand, provides automatic coverage up to its limit of liability. When the policy is issued, some amount must be entered and a premium collected at the regular builders risk rate for the full term of the policy. The form may not be written for less than one year except at short rate.

The automatic policy is endorsed, increasing the amount from month to month and all the endorsements are issued for the remaining term of the policy and on a pro rata basis. The form covers materials, equipment, supplies and temporary structures of all kinds used in the construction of a building and "when not otherwise insured," the builder's machinery, tools and equipment; all while forming a part of or contained in the building and/or temporary structures while in cars on switches or side tracks on premises described or when adjacent thereto while on sidewalks, streets or alleys. The form contains a 100 percent contribution clause. It is important, therefore, for the agent to see that each monthly report contains values on the contractor's equipment on hand.

The form can be used for writing fire and windstorm, used jointly or separately. With proper modification, it can be used with the supplemental contract or on a straight riot or explosion policy.

On the effective date of the policy and monthly thereafter including the expiration date, the assured must prepare a statement of the value of the property and if a claim occurs or the policy is canceled, a similar statement must be made on the date of such claim or cancellation. Failure to furnish these statements voids the portion of the coverage representing an increase over the last reported value. The form on which the reports are made is simple. A 15-day grace period is given from the actual due date of the report.

### Additional Premium

The additional premium for increased values is figured from a date half way between the date of the last two statements of value, using the actual due date.

In the event of loss, the premium applicable to the amount of loss payment shall be earned for the term of the contract and any such premium due may be deducted from the payment of a loss.

The full reporting clause is similar to that used in I.U.B. and single state reporting forms. It is commonly referred to as the honesty clause. It is reinforced by the audit clause.

### Short Rate Cancellation

The only time that the policy must be canceled short rate is when the policy is not allowed to remain in force until the completion of the risk.

Classes eligible to rates under the dwelling schedule may be written under the automatic form from the inception date of the policy at the final dwelling rate. A builder's risk remains a builder's risk so long as the builder's risk form is attached to the contract and it is not permitted to use the builders risk fire rate and the regular completed fire or supplemental contract or tornado rate except in respect of the dwelling class.

"When the next 'blow' will come, none of us know. Would not you, too, like to have your property values secure when it does come?" Think of the protection as shown by the enclosed sheet at a cost of about one-half cent per day for each \$1,000 insurance.

"You, too, can do as other property owners are now doing each day—have this protection added right into your fire insurance contract. All that you have to do is phone us to completely protect your property against windstorm dangers, and we will immediately do the necessary.

"We earnestly desire to make this office one of real genuine service to its policyholders."

"May the next windstorm not 'catch you' without this protection."

The fire policy used in North Carolina is a statutory one, similar in most respects to the New York standard form. Agents using similar letters should, of course, be sure to quote their own standard policy correctly and to refer to the exact lines.

## Miscellaneous Lines Needed in Small Town Agency

Miscellaneous insurance lines are essential in the development of an agency in a smaller town, declared S. T. Frank, Dumas, Ark., in his address before the Arkansas Association of Insurance Agents at Little Rock. A small town may not have any big industries which produce large insurance premiums, but the smallness of the locality compensates for this by providing agents with an opportunity to know their clients and their insurance needs very closely. Mr. Frank reviewed the lines which he has been successful in selling and pointed out that prospects for these lines are found in every locality, regardless of its size.

The inland marine lines were the first discussed by Mr. Frank. He urged his listeners to secure a complete inland marine manual and think of some one in their own town who needs each of the coverages mentioned. He mentioned jewelry and fur floaters, motor truck cargo, camera floaters, contractors equipment and various types of sports equipment floaters as being particularly valuable.

In connection with fire insurance, Mr. Frank suggested unearned premium insurance and rental value insurance. Among the casualty coverages, the drive other cars endorsement, non-ownership liability, golf and sports liability, contractual liability and boiler insurance can be sold in every town.

### Over-Age Accident Cover

**Question**—I have two or three excellent people towards 70 years of age who desire to get accident insurance. Is there any market for such?

**Answer**—London Lloyds has written old age accident insurance successfully for a few years. The Ocean Accident and Columbia Casualty of New York City are the principal stock companies writing this class. So far the experience has been very favorable. The rates are loaded to an extent. A person can get death indemnity only or can have a combination of death indemnity and weekly indemnity. The medical reimbursement feature also can be purchased. They have found that while people of this age in case of injury require a longer time to recuperate they are more careful and less liable to accident. The commission on this class is 15 percent.

Read "The Standard Fire Policy"—every opinion backed by actual legal decisions, references and citations. 182 pages, \$1.50. The National Underwriter.

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# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Concerned Over Contingents

#### Special Committee of St. Louis Agents Fears New Contract Would Eliminate That Feature

ST. LOUIS—A special committee of the Fire Underwriters Association of St. Louis which has made a study of the new agency contract that insurance agents here have been asked to sign has made the following report:

"1. We have looked over the contract and find under Paragraph 1, the following words:

"To retain out of premium so collected as full compensation on business so placed with the company, commissions at the following rates."

"This paragraph, together with Paragraph 6, which says that this agreement supersedes all previous agreements, whether oral or written, between the company and the agent, in our opinion, voids the contingent contract under which almost all agents are operating."

"2. We also call attention, under Paragraph 4, to the elimination of postage, which is quite an item to most agencies."

"We therefore recommend that some steps be taken to change this contract along the above lines. This might be remedied by eliminating the word 'postage' from Paragraph 4 and adding another paragraph as follows:

"This agreement in no way whatsoever affects what is commonly known as a contingent contract, which you now have with us."

### Expect Premium Increase of 10 Percent in Ohio

CINCINNATI—Fire insurance premium income in Ohio this year, in the opinion of one state agent, may be up about 10 percent when the year's books are closed. There is, however, nothing definite about this. The first half of the year showed a steady gain in premium income, but the last six months there has been a noticeable decline, due to the business depression. It is believed that the loss ratio will be good. A few companies were caught in the big fire in Columbus a few weeks ago, in which the loss was more than \$500,000.

Collections are giving Ohio agencies much trouble according to this state agent. It is said that 40 cents of each dollar are now going for installment purchases as compared with 30 percent some years ago, and people are using their money to make installment payments, rather than pay for their fire insurance. This is especially true of the small policyholder, but it is said it also applies to many business and industrial establishments, which have purchased equipment on an installment plan.

### Nebraska Losses Higher

LINCOLN, NEB.—Fire losses as reported to the state marshal's office for November totaled \$178,566, \$14,000 over the corresponding month a year ago and \$31,120 more than October.

### Act on Madison Coverage

MADISON, WIS.—The council's finance committee has recommended that the city treasurer be not required to furnish a bond to the county for collection of state and Dane county taxes. The premium in past years has amounted to \$1,800. City Atty. Francis Lamb advised the committee that the statute has been changed so that the city can assume the liability and be pro-

ected by the regular annual bond of the city treasurer.

In connection with the erection of a tower for the joint city-county police radio system on top of the First Central building, the finance committee has recommended purchase of \$10,000 property damage and \$25,000 to \$50,000 liability insurance.

### Wisconsin Mutuals Elect

At the annual meeting of the Wisconsin State Association of Mutual Insurance Companies in Milwaukee, these officers were elected: President, A. C. Fuge, secretary West Bend Mutual, West Bend; vice-president, L. W. Schlieder, secretary Sheboygan Falls Mutual, Sheboygan Falls; secretary-treasurer, T. R. Schmidt, secretary Kewaskum Mutual, Kewaskum.

Directors, in addition to the officers, are: H. U. Brown, vice-president Hardware Dealers Mutual Fire, Stevens Point; G. A. Jacobs, president Citizens Mutual, Janesville; G. H. Kamper, executive vice-president Badger Mutual, Milwaukee; T. E. Stickle, secretary Furniture Dealers Mutual, Milwaukee.

### Agent-Board Member Is Barred

PIERRE, S. D.—The state legal department has notified the insurance department that agents who are members of local school boards cannot write fire policies covering school property, and that to attempt to do so is a misdemeanor under the laws of this state.

### Schools on Rural Wiring

LINCOLN, NEB.—In connection with the work of inspecting rural electrification wiring installations, a task turned over to the fire marshal's office, the bureau is holding schools of instruction for inspectors in various parts of the state.

### Busy Day for Minneapolis Men

MINNEAPOLIS—Insurance men of Minneapolis had a difficult job in picking their luncheon meeting Dec. 13. Both the Blue Goose and the Insurance Club had arranged meetings for that day and both had prepared interesting programs. Football movies entertained the Blue Goose while two editors, Peter Slettedahl and Willis Williams, put on the show for the Insurance Club. Mr. Slettedahl is editor of "Northwest Insurance" and Mr. Willis of "Commercial West."

### N. W. Swallen to Battle Creek

N. W. Swallen, a valued member of the Cleveland staff of Western Adjustment, has been named resident adjuster of the Battle Creek, Mich., office, succeeding N. D. Reynolds, recently promoted to manager at Lansing, Mich. Mr. Swallen is an experienced loss man, having served under Manager Fulton for the past eight years.

### New Endorsement Authorized

The new uniform extended coverage endorsement has now been made effective in Indiana and Michigan. It was previously made effective in Illinois. At the same time the other liberalizations in rules that were authorized in Illinois have been made effective in Indiana and Michigan.

### Burlington Fire Prevention Day

W. K. Porter, local agent at Burlington, Wis., presided at the city-wide fire prevention observance at which H. K. Rogers of the Western Actuarial Bureau was the main attraction. He addressed

an adult audience at night, following talks to school children during the day and a Rotary luncheon at noon. In addition to the Burlington local board, civic organizations cooperated.

### New Illinois Rate Books

New rate books were published by the Illinois Inspection Bureau during November for: Adair, Ashland (changed 9 to 8 class); Blandinsville, Bluffs (changed 9 to 8 class); Cedarville, Chrisman, Claytonville, Colusa, Dongola (changed 9 to 8 class); Egan, Ferris, Hersman, Isabel, Kasbeer, La Prairie, Lima, Literberry, Loda, Longview, Lynnvill, Naples, New Bedford, New Salem, Oakford, Paloma, St. Libory, Westville (incl. Belgium, Lyons and Unionville).

### Saugman in Racine Agency

H. M. Saugman of Racine, Wis., who has been district agent of the Mutual Life of New York since 1932, has joined the Fagan-Newell-McQueen Insurance Agency there as vice-president in charge of life and health and accident departments. Mr. Saugman will retain his district agency connection. Thomas McQueen is president of the firm; I. E. Fredrickson, secretary, and Robert McQueen, treasurer.

### St. Paul Losses Rise

ST. PAUL—Fire losses in St. Paul this year will approximate \$740,000, Capt. John Townsend of the fire insurance patrol estimated. For the first 11 months losses were \$708,568. Total 1936 loss was \$607,000; 1935, \$763,000, and 1934, \$633,000. Two or three large fires swelled the total this year.

### Foster Being Transferred

W. W. Foster, for eight years with the Indianapolis office of the Indiana Inspection Bureau, is being transferred to the South Bend office as of Jan. 1. He is a son of W. S. Foster, who for many years was assistant manager western department, North America, retiring about a year ago. The son has had much rating and engineering experience.

### "New Accounts" Drive Succeeds

ST. LOUIS—B. A. Hoffmann, vice-president and sales manager of the Lawton-Byrne-Bruner Insurance Agency Company, reports unusual success in the agency's "new accounts campaign." At the end of the fifth week, the campaign had netted 343 new accounts. The normal average for the agency is 25 new accounts per week, he said.

New accounts are distinguished from new business, being entirely from new clients or from former policyholders who had not been placing business with the agency in recent months.

### St. Paul Plans for National Meet

ST. PAUL—C. F. Liscomb, president National Association of Insurance Agents, will come to St. Paul this week to confer with members of the Insurance Exchange of St. Paul regarding the facilities here for handling the 1938 national convention should it be awarded to St. Paul.

Armand Harris of the Fitzhugh & Robert A. Burns Agency has been elected vice-president of the exchange to succeed Sigurd Johnson, resigned. Members of the exchange will participate in the winter sports carnival here in January. It was decided to form a marching club for the carnival.

### Hukill Heads Nominators

CINCINNATI—President Theodore Safford of the Cincinnati Fire Underwriters Association has appointed a nominating committee consisting of W. S. Hukill, Jr., chairman; Walter Alexander, G. J. Burrer, E. R. Buss, Jr., and

### Nebraska Agents Hold Mid-Year Meet in Fairbury



L. C. SIMPSON

L. C. Simpson of Fairbury, in reporting as president at the mid-year meeting of the Nebraska Association of Insurance Agents in his city, declared that intense interest has been taken in Nebraska in the Business Development work. Meetings have been held in Kearney, Omaha, Norfolk, Falls City and McCook.

Mr. Simpson expressed the belief that the controversy concerning the new agency agreements has been satisfactorily settled and that agents can execute these instruments with the assurance that their interests are fully protected.

Mr. Simpson commended the work that is being done to gain the interest of rural producers in agency organization affairs. He recited some of his impressions of the Dallas meeting of the National Association of Insurance Agents.

E. S. Freeman, chairman of the Business Development program of Nebraska, gave an address at the Fairbury meeting. R. W. Forshay of Anita, Ia., chairman rural agents committee of the National association, discussed that project. Alex Case of Marion, Kan., who is regional chairman of the rural agents committee, was also present.

Final action was not taken on the time for the annual meeting of the Nebraska agents.

Frederick Rauh. The annual meeting and election will be Jan. 13. Mr. Safford, whose second term is expiring, is not a candidate for reelection. His administration has been progressive and efficient.

### Organizing Ottumwa Board

Steps have been taken to organize a Fire & Casualty Underwriters Association in Ottumwa, Ia. William Brunk served as temporary secretary at the organization meeting.

### MIDWEST NOTES

J. W. Kelley, 67, for many years a local agent in Milwaukee, died there after a brief illness.

W. E. Zimmerman, 81, for 30 years a local agent at Sheboygan, Wis., died there suddenly.

Gustave Zehntmeyer, 74, Milwaukee local agent for many years until his retirement several years ago, died at Waukegan, Ill.



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## IN THE SOUTHERN STATES

### Railey Plea for Louisiana Rate Reductions Opposed

NEW ORLEANS—Sharp reductions in windstorm insurance rates and in fire insurance rates on fire-resistive hotels and on sprinklered manufacturing risks in Louisiana were asked by W. M. Railey of New Orleans at a public hearing before the Louisiana insurance commission. The Homestead Association of New Orleans, which had supported Mr. Railey's petition for lower windstorm rates, withdrew from the case at the opening of the hearing. Chairman Woods announced that briefs must be filed with the commission by Dec. 20 and replies to briefs must be submitted by Dec. 31, after which the commission will pass on Railey's petition.

A. A. Moreno, counsel for the Louisiana Rating & Fire Prevention Bureau, which opposed the petition, said it is the duty of the commission to see that the companies have an opportunity to keep themselves solvent, so that the credit of the community will be protected. There is nothing in the insurance law, he said, that requires profits on any one class of risk to be limited to the approximate 5 percent regarded as reasonable on the business as a whole. The commission, he added, in 1932 refused to allow increased rates on dwellings which were and are unprofitable as a class, and said that only by taking the good with the poor can protection be available for everyone.

W. S. Bizzell, manager of the Louisiana rating bureau, said 10-year period figures show an underwriting profit of 1.52 percent on all classes of risks, and that the companies would need to get \$2,800,000 more in premiums to earn the so-called allowable 5 percent on their investment.

### Cousins Warns of Loss Trend on Cotton in Texas

R. B. Cousins, Jr., secretary Texas prevention association committee, addressed agents in the west Texas cotton section, urging that they counsel with assured in the interest of fire prevention measures to reduce the losses to cotton, which have increased to a critical extent. Unless the hazards are immediately brought under control, according to Mr. Cousins, a major conflagration is inevitable. Unless the loss trend is immediately reversed, the companies will move for an increased rate on cotton and on cotton gins, he said. According to Mr. Cousins there have been innumerable small fires involving only a few bales. These have been reported so fast that the total has been distressing, he said. The insurance department is interested and state officials have made personal trips in the territory to investigate. The present situation, according to Mr. Cousins, is due to the unprecedented volume of cotton and the congested conditions.

### Nashville Women's Dinner-Dance

The Nashville Association of Insurance Women held its annual dinner-dance, with 96 members and guests present. Miss Dorothy Brummit, president, welcomed the guests and presented Miss Sara McGarvey, founder of the club. Miss Ethel Holman, secretary, gave a history of the club. George Armistead, Jr., of Trabue, Hume & Armistead was the guest speaker.

### Oklahoma Towns Rerated

OKLAHOMA CITY—C. T. Ingalls, manager Oklahoma Inspection Bureau, announces rerating of a number of cities and towns. New books have been published and distributed in all cases except Blackwell, and this will be done shortly. Guthrie was changed from Class 7 to Class 6 and Granite from Class 9

to Class 8. Classifications of the following towns were unchanged: Arapaho, Caddo, Kenton, Preston, Talala, Welch, Alluwe, Kinta, Savanna, Skiatook and Watova.

### South Carolina Public Insurance

COLUMBIA S. C.—The state sinking fund commission reports \$45,418,772 in fire insurance in force on state and county property and schools, of which \$12,520,902 was on state property, \$3,904,938 on county property and \$28,992,932 on schools.

### Business Development Meeting

M. J. Davis, Home of New York, and Phil McAfee, local agent, chairmen for zone 8, conducted a Business Development meeting at Johnson City, Tenn., with 17 local agents present. Speakers were Leon McGilton, American; S. L. Fiege, Royal; J. K. Recktenwall, America Fore; R. W. Davis, Commercial Union; G. M. Egbert, Aetna; and Mr. McAfee. Inclement weather prevented agents from neighboring towns from attending. Another meeting will be held in the near future.

### Participating Casualty Agency

NORFOLK, VA.—A group of agents affiliated with the local board here are organizing an agency to represent a participating stock casualty company and expected to obtain a charter for the agency this week. It is understood that the Manufacturers Casualty is the company that will be represented. While the rules of the Virginia Association of Insurance Agents, with which these agents are affiliated, do not prohibit representation of a participating company, it was thought best to have a separate agency to handle such business. J. Davis Ewell, president, and other representatives of the state association were in Norfolk last week in conference with promoters of the enterprise about the matter.

### Joint Meeting at San Antonio

Frank E. Rainold of New Orleans explained and demonstrated the working of the Rockwood sprinkler at a joint meeting of the Alamo Blue Goose and the San Antonio, Tex., Insurance Exchange. Commissioner Phil Wright reviewed the improvement made in fire fighting and fire fighting equipment since the time he entered the San Antonio fire department more than 40 years ago.

## COAST

### Oregon Agents Well Pleased

Expect Favorable Results from Conference with Companies in San Francisco

PORTLAND, ORE.—Returning from a meeting with the Oregon conference committee in San Francisco, members of the contact committee of the Oregon State Agents Association appeared well pleased with the results. While the meeting was of a confidential nature, and the conference committee is not in a position to divulge what action will be taken, the agents are optimistic concerning most of the items on their agenda.

It seems a certainty that the Oregon Insurance Rating Bureau will reprint its tariff books Nos. 2, 3 and 4 and the farm schedule, to conform with the larger sized book and type of the book of rules brought out last March. It is also understood that the bureau will hereafter reprint the entire sheet of specific rates when changes are made for



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the various cities and towns in the state. For many years it has been customary to issue correction slips which had to be cut out and pasted into the books of specific rates by agents in communities outside the city of Portland.

It is understood that favorable consideration is to be given to a more equitable rate applicable to unprotected dwellings in distinction to farm dwellings. It has been the consensus that dwellings immediately outside some of the larger cities are a decidedly better risk than farm dwellings proper and that a greater rate differential should prevail between the two classes.

Adoption of a combined farm form and application into one blank was held up, pending further discussion of this matter with the Washington State Agents Association and the Washington conference committee. At present, the agents consider two separate and lengthy farm forms and applications onerous and that their combination would greatly expedite the writing of farm policies.

It would appear that the conference committee looks favorably on changing the term rule to permit the writing of auto camps for three years at two annual premiums. Heretofore this classification has been limited to one-year policies. With the advent, however, of the improved type and construction of the modern auto camps, which has had a tendency to modify the hazard, many agents feel that the class should be eligible for term.

### McCauley Heads Coast Office

Becomes the General Manager of the North America at San Francisco for All Departments

SAN FRANCISCO—H. J. McCauley has been appointed general manager of the North America at San Francisco for the Pacific Coast territory, having charge of all departments. He has been with the company since 1917, being attached to the home office in Philadelphia for a number of years. He has been marine manager in San Francisco since 1927. This arrangement comports with the policy of the North America in its department headquarters, as it now has general managers in charge of all work in New York, Chicago and Toronto.

R. W. Forsyth continues as manager of casualty and bonding lines. Frank F. Owen is assistant manager of all departments. T. K. Hannum continues as marine manager and T. J. Craig as assistant fire manager. Manager J. P. Breeden will retire at the end of this year. Frank M. Avery continues as manager of the fire business of the Philadelphia F. & M. and the National Security Fire is under the jurisdiction of Cravens, Dargan & Fox, general agents.

### San Francisco Brokers Staff Reelected; Malatesta Head

The regular ticket of the Insurance Brokers Exchange of San Francisco was reelected at the annual meeting, which was a spirited occasion. Stephen Malatesta was returned to office for the fourth time as president. J. H. Voor-sanger is first vice-president; George Marks, second vice-president; R. D. Blake, E. P. Jones and Charles Kispert, board of governors; Fred Hansen and George Czinger, arbitration committee. The opposition candidates received about 60 percent of the vote that was given to the regulars.

With an attendance of 268 the meeting heard the "ticket" of each group and its "platform." During the balloting Harold Haas of the California department made a talk.

J. B. Hauer gave a report on the Insurance Brokers' Association, through which public business is handled.

A letter was presented from R. H. Griffith, president Pacific Board requesting continuation of relations making for

stability. Mr. Griffith also referred to relief rates as "probably the greatest problem" and "one of the things unsolved."

"It is an insidious thing," he wrote, "to my mind more harmful to the producer than to the company, and, to my mind, an unnecessary thing in view of the low cost of the protection that we sell."

The membership stands at 664.

In the future all matters on relief will be heard by the board of governors, while the arbitration committee will continue to hear matters of complaints and charges against members.

The exchange intends to continue the lectures on casualty insurance beginning in January.

Mr. Haas said temporary licenses or certificates of convenience no longer give holders the right to write their own insurance. He declared companies will be requested to submit records of business placed by persons who operate under such licenses and then do not appear for examination for the regular license.

A problem with which the department is faced, he declared, is "What is and what is not a surplus line?" The department, he said, is establishing records of every license holder, containing all information regarding methods of operation, charges, etc.

### Colorado Official Questions Need for Hail Commissioner

DENVER—Due to the recent controversy between J. A. Bixby and L. F. Brammeir over the position of state hail insurance commissioner, the annual report of W. C. Sweinhart, director of the Colorado division of agriculture, is significant in that it expresses doubt that there is any need of a commissioner.

In his annual report to Governor T. Ammons, Mr. Sweinhart said:

"While the department is being reorganized, it would be well to survey the setup that more results and coordinate action can be obtained and better service rendered. It appears to the director that the policy of the commission and the business administration do not coincide. Complaints were received at this office from people or patrons who could not obtain hail insurance. They applied to the county assessors and were diverted to local banks for services other than state, were misinformed as to payments, or sent in their applications and were refused."

"The director investigated some of these complaints and found them true in the main and for various reasons, both good and bad. The policy of the commission is ultra-conservative and business or service is refused if, in the opinion of the commission, any overload or over the minimum risk is involved. New business or expansion is not solicited; consequently, new growth is reduced to the minimum."

"If the department is to be of service to the greatest number of people, more money must be spent in field work and considerably less on salaries. The state is not justified in entering into competition with business when it cannot operate more efficiently."

"If the policy is to remain the same, I have serious doubt as to the need of a commissioner."

### Montana Educational Meeting

The Montana Special Agents Association held its third and most successful educational meeting in Billings. There were 45 agents present. The meeting was in charge of J. W. Martin, Great American; Malcolm McLelland, North British; Larry Diringer, Home of New York, and J. R. Carmichael, Hanover.

### Napa County Agents Meet

Elmer White, vice-president California Association of Insurance Agents, addressed the Napa County Association of Insurance Agents on the "guiding principles" adopted by the association for the elimination of part-timers in urban areas; the educational course offered by

the association in conjunction with the extension division of the University of California and the value of local, state and National association membership.

G. C. Appleton, past president, and Frank Colridge, executive secretary of the association spoke at a meeting of the Bakersfield Insurance Board at Fresno, presenting the same topics.

### A. D. T. Protects Fair

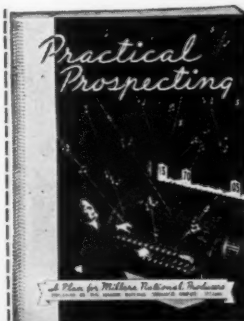
Fire prevention precautions are being taken on Treasure Island, the site of the 1939 Golden Gate International Exposition in San Francisco Bay. Every part

of the island is being equipped with a comprehensive American District Telegraph signal system to bring a two-platoon fire department into instant action. Fifty street boxes equipped with blinker lights and telephone service will be connected direct to two exposition fire houses, to an ADT sub-station, police and fire chiefs quarters on the island and to the ADT central office in San Francisco by leased submarine cable. All alarms will be relayed automatically to the San Francisco fire department.

The interiors of all buildings will be equipped with Aero automatic fire alarm



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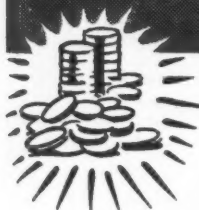
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systems to give instant notice of inside fires. The Aero system will be used in and under the ferryboat wharves and are specified for exhibit buildings privately constructed. There will be about 450 Aero circuits on the island, working through 75 transmitters. Annunciators will be placed on the buildings to facilitate the location of fire.

### Brokers Society Annual Meet

SAN FRANCISCO—J. A. Levensaler and Jack Okell were reelected on the arbitration committee of the Society of Insurance Brokers at the annual meeting.

Through adoption of an amendment to the constitution, each member must hereafter not only sign the constitution, but "shall be responsible for the acts of his subsidiary or affiliate corporations, copartnerships or associates in complying with the obligations prescribed by the society."

F. M. Hohwiesner, executive chairman, reported a special committee of three had held meetings with the president, vice-president and chairman of the executive committee of the Pacific Board and that "a definite program has been under way to reorganize the board for better cooperation with our brokers."

The committee recommended the retrospective rating plan for workmen's compensation insurance, soon to be presented to Commissioner Carpenter, with certain modifications as applicable to some of the larger compensation risks in California.

### Adjustment Bureau, N. M., Shifts

ALBUQUERQUE, N. M.—The Fire Companies Adjustment Bureau announces the addition to its staff here of E. P. Doyle and J. F. Mills, adjusters transferred from Denver. F. C. Blake, adjuster at Albuquerque, is transferred to Denver.

### Colridge on Job Eight Years

SAN FRANCISCO—Dec. 10 marked the eighth anniversary of the appointment of Frank Colridge as executive secretary of the California Association of Insurance Agents. He is credited by officers and members of the association with much of the accomplishment of these eight years when the membership of the organization has increased from 350 to more than 1,350. Through coordination of effort within its ranks and cooperation with companies, the association is taking now a leading part in activities throughout the country. Before taking his present post Mr. Colridge was with the University of Southern California in charge of educational work in cooperation with the California Real Estate Association.

### Marine Course in Los Angeles

George Gray, insurance instructor of the Los Angeles board of education, beginning Jan. 3 will conduct a course on ocean and marine insurance, classes to be held Monday evenings throughout the remainder of the school year. This course is in addition to the regular course in general insurance.

### Dunham to Portland, Ore.

W. A. Dunham, special agent in the fire department of the Los Angeles office of Swett & Crawford, has been transferred to Portland, Ore., succeeding R. G. Giesy, resigned. He will cover Oregon and southern Idaho. He has traveled in southern California for Swett & Crawford since September, 1935, and has had 17 years experience in the business.

### New Agency at Albuquerque

ALBUQUERQUE, N. M.—John O. Richardson, M. T. Richardson, J. L. Wertz, and H. K. Woodward have organized the Southwest Insurance Agency here. It will represent the Dubuque Fire & Marine and New York Casualty. J. O. Richardson is president; Mr. Wertz secretary-treasurer, and Mr. Woodward, vice-president.

### Women Install New Officers

SAN FRANCISCO—Membership in the San Francisco Insurance Women's League increased by 82 last year, funds in the treasury increased more than 100 percent and there was increased activity along educational and social lines, according to the annual report of Miss Gertrude C. Schelling, retiring president. In handing over the gavel to her successor, Mrs. Alyce West, Miss Schelling was presented a "Bobby Jones" golf club by Miss Gloria Nabor on behalf of the league.

Other officers installed were: Mrs. Lillian Van Laanen, American of Newark, vice-president; Miss Dorothy Praetzel, London & Lancashire Indemnity, secretary, and Mrs. Willetta Harvey, Norwich Union Indemnity, treasurer.

## EASTERN STATES ACTIVITIES

### Seek Approval of New Setup

Appeals to Be Made to Boston Board Members to Accept New England Rating Association Plan

BOSTON—Invitations have been received by members of the Boston Board, as individuals, to attend a meeting Dec. 28, at which they will be addressed by Chairman Guy E. Beardsley and others of the special Boston committee of the Eastern Underwriters Association.

The board has received a report from its special counsel on the matter of turning over the rating authority of the board to the proposed New England Fire Insurance Rating Association. The report is understood to have outlined such steps as would be necessary before such a transfer could be made, by either party. No action was taken on the report or the subject matter involved.

BOSTON—It is learned that a strong appeal will be made individually to the members of the Boston Board the next few weeks, probably before the first of the year, in an endeavor to convert a majority to acceptance of the plans for the New England Fire Insurance Rating

Association, which calls for amalgamation of the Boston Board, the Providence (R. I.) Board and the New England Insurance Exchange.

The controversy between the special Boston committee of the Eastern Underwriters Association and the Boston Board which has been going on throughout most of the year, appeared to subside in mid-summer when the Boston Board voted by a strong majority not to accept the merger plan. This was followed by an announcement of the E. U. A. committee that it had voted to officially take over the Boston Board and merge it with the exchange in the New England Fire Insurance Rating Association and announcing the plans for the new setup. However, no date was set for the actual taking over of the board and, in fact, no notice has ever been officially given the board that the E. U. A. committee had voted to take it over. The only information the board officers and members had of the formal action of the E. U. A. committee was through newspaper announcements.

The past week steps have been started to bring about a meeting of the members of the Boston Board as individuals. They will, it is understood, be addressed by the most persuasive of the E. U. A. committee members with a view to breaking down the opposition of the board members to the abolition of the



Boston Board. It is anticipated that some concessions not before presented may be advanced.

### Ellis Head of Insurance Society of Massachusetts

BOSTON—At the annual meeting of the Insurance Society of Massachusetts, these officers were elected: President, Alexander Ellis, Fairfield & Ellis; first vice-president, A. S. Nelson, Kaler, Carney Liffier & Co.; second vice-president, F. J. O'Gara, John C. Paige Co.; third vice-president, J. W. Gahan, Boit, Dalton, Church & Hamilton; secretary-treasurer, F. J. Devereux, Patterson, Wyde & Windeler; trustee, J. H. Carney, Kaler, Carney, Liffier & Co.; directors, F. C. Elliott, Aetna Casualty; A. J. Lewis, Boit, Dalton, Church & Hamilton; C. L. Powers, Travelers Fire; C. H. Clancy, Hinckley & Woods, and J. T. Orr, Employers Liability.

Celebrities in the sporting world were guests, including President Bob Quinn of the Boston Bees; Art Ross, Eddie Shore and Cooney Weiland of the Boston Bruins; Eddie Anderson, Holy Cross football coach, and Don Daughers, the Harvard end who caught the pass that won this year's Harvard-Yale game.

### R. T. Cairns Nominated to Head New England Exchange

BOSTON—R. T. Cairns, special agent Providence Washington and son of Vice-president E. T. Cairns of the Fireman's Fund, has been nominated for president of the New England Insurance Exchange. The annual meeting will be held Jan. 8. Carl A. P. Johnson, special agent Travelers, is nominated for vice-president for two years; C. S. Coxe, North British & Mercantile; D. G. Carr, Home, and H. H. Landon, Agricultural, for two-year terms on the executive committee. Officers who hold over for another year include Vice-president C. A. Philbrick, St. Paul Fire & Marine; M. C. Cherry, New Hampshire Fire; W. T. Lepper, Aetna Fire, and L. K. Ives, Springfield Fire & Marine, executive committee members.

### Push Boston Community Chest

BOSTON—F. C. Church, Jr., head of Boit, Dalton, Church & Hamilton, has been appointed chairman of the industry and finance division of the Greater Boston 1938 Community Chest Fund campaign. S. H. Palmer, United States manager Employers Liability, will be chairman of the insurance group and Gerald Henderson of John C. Paige Co., vice-chairman. Manager R. A. Hogsett of the Travelers will head the casualty underwriters and brokers committees; President T. J. Falvey, Massachusetts Bonding, the casualty companies committee; J. J. Cornish of Field & Cows, fire underwriters; G. P. Smith, New York Life, life underwriters; President W. R. Hedge of the Boston, stock fire companies; C. J. Diman, John Hancock, life companies; W. A. Muller, Dorchester Mutual, mutual fire companies, and President S. B. Black, Liberty Mutual, mutual liability companies.

### Insurance Talk to Lions Club

NEWARK—The development of fire insurance was explained at the luncheon meeting of the Newark Lions Club by Bernard Lowy of this city.

Pointing out that fire insurance has been an important factor in the development of the United States, he asked: "What credit could be obtained to support construction without the guaranty that the property involved be covered for loss through the destruction of the building by fire?"

### Form New Reporting Service

BOSTON—French & Swett Reports has been organized here to make reports for fire and casualty companies, with offices at 141 Milk street. John J.

French, the president, has been with E. V. Lane Reports for 10 years. C. K. Swett, treasurer, was formerly with Lane Reports.

### Hancock County Board Elects

The Hancock County (Me.) Board of Fire Underwriters has elected Belle S. Knowles of Northeast Harbor president and George F. Mahoney of Ellsworth, secretary.

## CANADIAN NEWS

### Lloyds Make First Deposits

**Non-Marine Underwriters Comply With Provincial Department Requirements in Ontario, Quebec**

TORONTO—After operating for several years in various provinces of Canada without having made the deposit with the provincial superintendents of insurance required of most companies, Lloyds non-marine underwriters have just made substantial deposits with the insurance departments in both Ontario and Quebec.

Starting business in Quebec in 1932 and in Ontario in 1935, after failure to secure a Dominion license, Lloyds non-marine underwriters entry was bitterly fought by other companies and by agents who charged "favoritism" in admitting them without a deposit. Premiums and commissions in many cases, it was claimed, were lower than charged by tariff companies.

Reason for Lloyds now making a deposit is not yet clear. Rival company officers have suggested that they have been feeling competition from Lloyds much less than in former years, partly because rates of Lloyds have been raised while rates of tariff and other non-tariff companies have been lowered.

### Dominion Board Meeting

A full meeting of the Dominion Board of Insurance Underwriters was held in Montreal Dec. 15.

### Hamilton Agents Elect

At the annual meeting of the Hamilton (Ont.) Fire & Casualty Agents Association, A. E. Buscombe was elected president and T. J. A. Ferguson secretary-treasurer.

### Anglo-Canadian Underwriters

The head office of Anglo-Canadian Underwriters has been moved to the Victory building in Toronto. George A. Cooper, formerly of the Toronto office of the Liverpool & London & Globe, has joined the company in the underwriting and inspection department.

### Takes American Reserve

TORONTO—Irving E. Sams, general manager for Canada of the Mill Owners Mutual of Iowa, has become Canadian manager of the American Reserve.

### Discuss Compulsory Insurance

WINNIPEG—A compulsory automobile insurance bill is to be introduced at the legislative session which opened this week. The government has opposed such a step, but three years ago it provided that any car owner who had failed to pay a judgment should not have a license.

A. L. Marshall has purchased the Collins Insurance Agency, Silver City, N. M., from W. H. Collins.

The Southwest Finance Corporation, general writing agency at Silver City, N. M., has taken representation of the Kansas City Life.

R. C. Jenner has resigned as head of his Seattle agency to become associated with LaBow-Haynes Company. He is president of the Insurance Society of Washington.

## MARINE - INSURANCE NEWS

### Gives Sales Hints as to Personal Property Floater

C. S. Tracy, Arkansas state agent for Phoenix of Hartford, in addressing the mid-year meeting of the Arkansas Association of Insurance Agents in Little Rock on the personal property floater advised the agent to refrain from discussing cost with a prospect until he has first procured the necessary information brought out in the application and the data regarding the present insurance in force. When this is secured, it is easy to plan the sales talk. The indemnity should not be sold on a comparison of costs of the comprehensive contracts and the combination of previous coverages carried. The emphasis should be on the broad form of protection offered for the small additional cost.

Although the rules do not allow the inclusion of scheduled jewelry and furs for a period in excess of one year, he declared, there should be little sales resistance in selling a three-year personal property floater form and a one-year jewelry and fur floater contract.

He referred to the fact that through

the use of pickup endorsements pro rata credit may be allowed for the continuation of specific fire, wind, burglary or personal effects policies to their expiration or expiration of the personal property floaters, whichever may first occur. Return premiums cannot be allowed which will reduce the minimum premium below the requirements.

The contract has proved profitable to the companies, he declared. This he attributed to the fact that it is being sold to a select class of persons and that a greater amount of insurance to value is being carried.

### Alan Bonito, Head of Marine General Agency, Is Dead

Alan H. Bonito, head of the marine general agency bearing his name, died on Sunday of a heart condition after a brief illness. He was only 43 years of age. After being connected with the National Liberty in the marine department, he served as vice-president of W. H. McGee & Co., the New York marine firm, and later with the Fireman's



## KANSAS CITY Fire and Marine

### INSURANCE COMPANY

CHICAGO OFFICE:  
INSURANCE EXCH.

KANSAS CITY,  
MISSOURI

NATIONAL SERVICE

**NATIONAL**

**FIRE**

**INSURANCE**

**COMPANY**

of

**Hartford**

**WESTERN**

**DEPARTMENT**

**Chicago**

Fund marine department. He then organized the firm of Alan H. Bonito & Co. of New York.

Funeral services were held Wednesday of this week at St. Patrick's Cathedral, New York.

#### War Risk Conferences

NEW YORK—Negotiations looking to a more complete understanding as to war risk coverages, which have been in progress between British and American marine underwriters for some time, will be continued until a detailed agreement is reached. All interests are in accord in refusing to assume the war hazard, save as to the United States and Canada, and it may be the extension will be broadened to embrace the South American countries, where the chances of loss through acts of war, whether declared or undeclared, are exceedingly remote just now. It has been suggested that elimination of the war risk cover from policies applying to cameras and the like, might be ignored, and the slight hazard be assumed. There is a difference in risk classification between British and American underwriters in some respects; bridges for example, being held marine hazards by British, while they rank in the inland marine class here.

In general and in all important respects the marine underwriters of the two countries are in full accord; such questions as are still being debated are of a minor nature.

#### New Canadian Marine Department

TORONTO—Opening of a Canadian marine department is announced by William Thompson manager for Canada of the Security of New Haven, Fire Association and American of Newark. The new department will be under the direction of Kenneth M. Thompson, who recently resigned as city inspector for Montreal of the Union of Canton. He has been spending some time at the head offices of these companies before taking up his new duties.

## MOTOR

#### Looking into Collision Losses

**Some Company Executives Are Giving the Subject Much More Study in View of Increasing Claims**

In view of the increasing automobile collision loss ratio, company executives are giving more and more attention to the problem. They realize that rates are not sufficient but before much is done toward readjusting that feature they feel that other loss contributing factors must be remedied. The condition that is particularly aggravating is the fact that the original dealer who sold the financed car seems to be almost autocratic in deciding what shall be done. A job that might under ordinary conditions cost \$15 may be stretched out by the dealer to \$150, as he contends that an entirely new part will have to be put in.

The companies find that their collision loss ratio outside of financed cars is not mounting along the same percentage line. It is the financed cars that are causing the trouble. Therefore, a few companies, at least, are taking the bull by the horns and insisting on proper adjustments. They realize that the dealer must not be supreme. Usually automobile mechanics make the best adjusters but coupled with the mechanical knowledge must be good judgment. In case of a loss a company wants to know what is the wisest course to pursue. That depends on the judgment of the adjuster. Until the finance companies required buyers to purchase collision insurance there were enough adjusters to take care of claims. The last two years it has been necessary to develop competent adjusters. In the meanwhile some of the tyros probably did not use

#### Organize Directorate of National Auto Body



C. C. HANNAH

NEW YORK—C. C. Hannah, vice-president of the National Automobile Underwriters Association, was elected chairman of its board as well as the organization of the directorate here. L. E. Falls becomes vice-chairman. Mr. Hannah is vice-president of the Fireman's Fund in charge of the east with headquarters in Boston, while Mr. Falls is vice-president of the American.

the good judgment they do now. The companies that are requiring real adjustments insist on a careful inspection of the damaged car and securing of bids on the work.

#### Many "Strips" in Boston

BOSTON—During the fiscal year ended Dec. 1, the police report 28,885 automobiles were stolen here. While all but 50 of the cars were recovered, many had been stripped. The thefts, the police found, were largely the work of organized gangs, operating through New England and New York state. The creation of a special automobile squad by the police department has checked the thefts lately.

#### New Statements Will Evoke Uncommon Interest

(CONTINUED FROM PAGE 3)

from 45 to 50, the average being nearer the latter figure.

Early in the year severe floods presented problems and brought an insistent demand for flood indemnity. To this plea the companies turned a deaf ear, pointing out the impossibility of getting a proper spread of such liability.

#### Sit-down Strike Problem

Another wholly unfamiliar insurance situation arose from the series of sit-down strikes. The question as to whether damage done by this type of strikers was covered under the riot and civil commotion contract, was warmly discussed, the outcome being the attachment of a special rider to the riot and civil commotion contract, specifically assuming liability for damage caused through malicious mischief. Although the companies felt they were sitting on a keg of dynamite, in the wash out the loss was not important. Probably the total loss to insurers on account of sit-down strikes didn't exceed \$400,000.

A revised form of supplemental contract, unifying in all essential respects, the coverage granted thereunder for all sections of the country, was adopted, and has since been put into general use.

Company agency relations were momentarily strained in the controversy

over a uniform agency agreement, but a conference restored cordiality.

The agents' association was never in more satisfactory state, either as to its numerical membership or operating program than in 1937, and the same may be said of many state organizations. An interesting departure by the National association was the creation of a separate division for rural agents.

There have been no company retirements since the first of the year, nor were there any new entrants. There are no whispers of any company deals of importance in the offing.

#### Retirement of Kurth

In managerial circles the outstanding happening was the retirement of Wilfred Kurth from the presidency of the Home group and his election as chairman. Harold V. Smith, the former vice-president, advanced to the presidency and is now the directing force.

The retirement of Arthur Waller as United States manager of Royal Exchange and the appointment of E. W. Elwell as his successor, effective January 1, 1938 was announced during November. Managerial changes upon the Pacific Coast have been numerous in the past few weeks, involving St. Paul F. & M., New York Underwriters and North America.

The tragic death of southern manager C. A. Bickerstaff of Fireman's Fund and the appointment of a successor constituted the main change in Atlanta.

An important change in middlewestern territory involving top executives is the retirement of A. G. Dugan as general agent of Hartford Fire and the appointment of C. E. Wheeler and C. H. Smith as joint managers.

Enactment of the new Illinois code and promulgation of a proposed codification and rewriting of the New York insurance laws constituted the principal legislative developments.

#### Examination Plan Causes Comment

(CONTINUED FROM PAGE 3)

expensive place than in a large city where the rates were higher. In other words he held out for the exact living expenses and not for a sum that would cover entertainment and personal outlay. He was voted down on this proposition.

It is stated in some quarters that where companies find the expense of examination have reached rather large proportions they are insisting that in the annual statement this item of disbursement be plainly stated, telling that it was the cost of the examination and listing the states that participated.

Company executives contend that there should not be a profit in any examination. Only the actual cost should be paid. There should be no rake off or marginal profit for middle men. Altogether the examination subject is boiling and at the annual meeting in Quebec there will probably be some very outspoken expressions when the returns are made.

Some commissioners say that probably \$15 a day limit might be too low, especially where competent help may be at a premium. They would favor \$20 a day but no higher. The main point that is being made by those that desire reform is that inasmuch as the companies pay the freight they should pay only the exact cost and not be called upon for any amount beyond that.

#### President Bissell Stricken

President R. M. Bissell of the Hartford Fire is ill at Yeoman's Hall near Charleston, S. C., where he and Mrs. Bissell had gone for a vacation. He was stricken while playing golf.

Word was received in Hartford that his progress toward recovery is considered satisfactory. Mr. Bissell suffered a heart attack a week ago, while playing golf. It is not yet known when he will be able to return home.

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## Griffith Suggests 12 Ways to Improve Collision Record

(CONTINUED FROM PAGE 5)

drive," and the other factors previously mentioned.

Commencing in 1934, Mr. Griffith recalled, collision insurance was placed on financed cars. As the volume increased, the loss problem was rapidly projected. By 1936 the problem was getting acute. The faster, modern automobiles that are more expensive to repair were producing tremendous losses. The collision premium on financed cars developed into two-thirds of the total finance premium account. The profit on the fire and theft end was not adequate to carry the collision deficit. The situation went from bad to worse in 1937. Some \$50,000,000 in collision premiums showed a loss ratio in 1936 of about 85 percent.

### Attitude of State Officials

Some offer the simple remedy of dropping collision insurance, according to Mr. Griffith. However, the finance companies have come to depend on a portion of the commission on the collision premium to create so-called dealer-reserve

and to increase the over-all returns to finance companies.

Another simple solution, he said, that is suggested, is to increase the rates. Mr. Griffith declared that neither insurance departments, state rating bureaus, nor many of the carriers themselves will agree to approve a sharp increase in rates so long as excessive commissions are paid for finance accounts.

Insurance departments, he said, will not approve one set of rates for cars purchased for cash and another for cars purchased under contract.

Many factors in the collision experience are beyond the control of finance company or insurer, he said. However, both parties can take certain steps to improve the situation. Among the factors not subject to control by finance concerns and insurers are the construction and speed of modern cars; the inadequacy of highway facilities; inadequate law enforcement, etc.

Worth while reductions can be secured, Mr. Griffith asserted, if finance companies will cease using liberal payment of insurance losses as a means of getting the good will of dealers; if finance companies will resist the efforts of the dealer to secure payments in excess of the actual loss damage. Mr. Griffith said that the practice exists of completely reconditioning damaged cars and putting the entire cost in the estimate of insured damage; padding bills to cover the deductible; charging an excessive profit on parts or labor; inserting in repair estimate items of repair not required.

### Trustworthy Adjusters

Insurer and finance company must cooperate, according to Mr. Griffith, to see that losses are handled only by trustworthy and experienced adjusters. Adjusters who depend upon the dealers for business cannot be expected to make decisions other than those demanded by the dealer.

The finance company should cooperate in the selection of credit. Letting down credit terms, he said, results in an expanded loss ratio. When requested, the finance company should not hesitate to place a deal on a "no insurance basis."

The finance company should keep a close check on the insurance results of the business from the various dealers. Those dealers who are producing excessive losses should be investigated.

Mr. Griffith said he was distressed that at a recent meeting of finance companies the insurance company adjuster was blamed for the high loss situation. In condemning the adjuster, the critics, he said, overlook the pressure that is brought to bear by many finance companies in helping dealers secure overpayment of insured losses.

### Responsibility for Housecleaning

The finance companies will have to do their full share of the housecleaning, he said. If the finance companies will undertake to eliminate the buying of finance business from dealers at the expense of the insurer, the insurance companies in turn will do their full part to eliminate untrustworthy adjusters and conniving dealers. However, even if these reforms should bring about an improvement of 20 percent in the amount of loss payments, it would not solve the problem. The average loss ratio on many finance accounts is running from 75 percent to 150 percent today, he said. The finance companies may have to come to the realization that they will have to give up part of the commission that they have been receiving.

Fred V. Chew, formerly a local agent in Petersburg, Ind., and for some years a professor in Indiana University, specializing on insurance and economics courses, is executive vice-president of the American Finance Conference of Chicago, of which the Indiana association is a member, and was present at the meeting giving the closing address on the program.

Whitney Barham, who was in local agency work at Tulsa, Okla., nine years, has been appointed manager of the oil insurance department of the Wheeler-Gill Company, San Antonio, Tex.

## Question O'Malley's Report on MLU Receivership

(CONTINUED FROM PAGE 6)

O'Malley "is undecipherable and bears no relation to and throws no light upon the administration of the assets by O'Malley."

Robertson does not want O'Malley discharged by the court until the matters indicated by exceptions have been clarified. He asked "that O'Malley be surcharged with such sums as may be found to have been unlawfully expended or negligently wasted and lost by him during his administration of the assets and affairs of the company."

"O'Malley wasted and negligently lost the large sums paid out by him for salaries," Robertson charged. The reasonableness and necessity of a number of other expenditure items contained in O'Malley's accounting is not indicated in the report.

In court are Charles M. Howell and Floyd M. Jacobs, attorneys for the advisory committee of the exchange; Mr. O'Malley; Terence O'Brien and James A. Aylward, attorneys for O'Malley.

In the early days of the hearing the court has indicated that it, too, cannot understand the O'Malley report in all its particulars. However, O'Brien, for O'Malley, declined to accept the court's suggestion that another report, or supplements, might be prepared and submitted. O'Brien insisted that the hearing continue, stating that witnesses and testimony would make the report clear.

Charles M. Howell at the hearing charged that O'Malley wrecked one of the best insurance companies in the state.

### Committee Opposed Plan

Howell asserted that "the advisory committee was opposed to O'Malley's taking charge. We held a long conference at the Kansas City Club. An examination of the exchange was in progress at that time. We asked Mr. O'Malley to withhold action until that examination was completed. At the end of the conference, he reserved judgment."

O'Malley took over Nov. 12. The examination was completed in December, and at that time disclosed that the company had a surplus of \$481,000, "whereas the law requires only \$50,000 for that type of company."

O'Malley filed his injunction suit "without giving us any notice," Howell said. "When he took over the receivership of the company, he said losses would be paid as incurred. That was laudable, but his actions resulted in the wrecking of one of the best insurance companies in the state."

### Dispute Between the Howells

In reply to Howell's charges, O'Malley told the court, "We are in court here today because Charles Howell and Dan Howell (brothers) were in dispute as to the ownership of that \$481,000 surplus." Dan Howell represented Rankin-Benedict Underwriting Company, attorney-in-fact for the reciprocal.

Becker said the O'Malley report showed administrative expense of \$262,000 whereas actually only about \$123,000 was spent during O'Malley's term as receiver.

The company was enjoined from doing business, yet O'Malley's agent in charge continued to write renewals, Becker pointed out, "in violation of the court order under which he took charge." However, O'Malley's attorneys claim that "renewals" are not "new business," which the court order prohibited the reciprocal from writing.

Testimony of H. C. Fielder, agent of O'Malley in charge of MLU, revealed that the general business MLU wrote from Jan., 1933, to Nov. 12, 1936, was unprofitable every year, and that it depleted the assets of subscribers "over half a million dollars" in that period.



Sincere appreciation for  
a year of unprecedented  
growth and progress...  
with

Best Wishes  
for

**HAPPY  
HOLIDAYS**  
and a

**PROSPEROUS  
NEW YEAR**

**PACIFIC  
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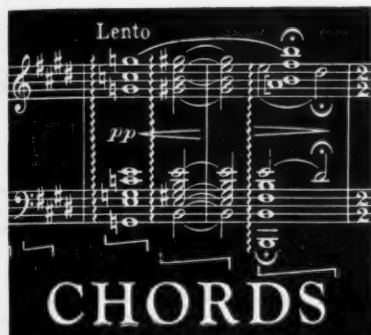
Eastern Department

INDEPENDENCE BUILDING  
PHILADELPHIA

W. A. WATERS, Assistant-Secretary

Other Offices

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PITTSBURGH	•	PORTLAND
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We are not  
music critics

but:—

to us a chord is something which must  
pleasantly exist  
between agent and  
company. It is our  
constant thought to  
keep those chords  
harmonious.

"Your Friendly Company"

**SECURITY  
FIRE INSURANCE CO.**

DAVENPORT, IOWA

**PROTECTION SINCE 1883**

## Holds Assured Must Get Entire Missouri Fund

(CONTINUED FROM PAGE 4)

cording to the companies, there was no such action brought but rather an effort to interfere with the compromise agreement was made in a proceeding that was addressed to the 1930 order. The court, according to the companies, had no more power than the governor to discard the agreement under the circumstances.

### Ouster of O'Malley

The recent ouster of Superintendent O'Malley turned about this rate case. Governor Stark, who was sponsored by T. J. Pendergast, Kansas City Democratic leader, for election, later turned against Pendergast and his protege, Mr. O'Malley, and the governor demanded that O'Malley present a petition to the court withdrawing from the rate compromise agreement. Mr. O'Malley strongly demurred and the governor decapitated him. Governor Stark reluctantly had re-appointed O'Malley as superintendent but only for a one-year term and on the condition that if O'Malley should cross the governor at any time during that period, he would be ousted. The governor took advantage of the conflict over the rate case matter to remove O'Malley and appointed as successor, G. A. S. Robertson, who proceeded to carry out the governor's wishes.

### Interest in Effect on Fees

Interest is taken in the eventual effect of the supreme court's decision on the fees that have been allowed by Circuit Judge Sevier out of the impounded funds. Up to Nov. 1 a total of \$132,000 had been spent out of the funds with the approval of Judge Sevier.

Attorney-general McKittrick has opposed Judge Sevier's allowances to Circuit Clerk Guy M. Sone as custodian and to his attorney, T. S. Mosby, Jefferson City lawyer. Up to last June Sone had been receiving \$500 a month

and Mosby \$1,000 a month. In June their allowances were cut in half.

Some now say that the supreme court decision knocks out the fees allowed Sone and Mosby and that they must be restored to the fund.

## Urges Concerted Action to Clean Up Solicitor's Status

(CONTINUED FROM PAGE 10)

that complete degree of cooperation from agents looking to the mutual interest of companies and the agents as such, and you may experience the same difficulty in getting complete cooperation from solicitors. It is unfortunate these situations arise, but they do, and it seems quite impossible to get all parties at interest to realize the importance of concerted and immediate action to establish a non-taxable status, both as to agents as independents and not employees of the company, and solicitors as independents and not employees of the agent."

Further on Mr. Doyle said: "If it were not for this continued resistance on the part of the agents, in which a minority of agents in Ohio seems to be in the vanguard, we should have had this matter straightened up months ago so far as the companies and agents are concerned and would have prefaced an approach by the agents themselves in caring for their producers. Manifestly we cannot do much along latter lines until we will have cleared up the situation for the mutual protection of both companies and agents in the first instance."

Mr. Doyle states that any effort toward establishing the relationship of agents and solicitors should be nationwide.

### OBSERVATIONS OF BENNETT

W. H. Bennett, general counsel National Association of Insurance Agents, comments on the letter of Mr. Doyle. Mr. Bennett states that a ruling that solicitors are independent has been obtained in what might be considered a typical case in which the Department of Internal Revenue held that solicitors working out of an agency office are not employees. In this instance, the agent had no written contract with his solicitors. He explained that the agency had no jurisdiction or control over the hours or place where the solicitors work. With this ruling at hand it is the belief of Mr. Bennett that it is "highly persuasive," as Mr. Doyle indicated in his letter, such a ruling should be. It ought to be so in all cases where a similar relationship between agent and solicitor prevails, Mr. Bennett opines.

### Should Have Written Agreements

While this ruling was made in a case where there was no written contract, it is the opinion of Mr. Bennett that it is preferable for agents to enter into written agreements with their solicitors, clearly setting forth the independent character of the solicitors' operations. The American Agency Bulletin says, "Contrary to the deduction published in connection with the Doyle letter, that apparently so much attention has been focused on the agency contract that the status of solicitors has been thrust into the background, it has been the subject of attention by the National association since the advent of the federal Social Security Act. The first brief on the subject filed by Mr. Bennett with the Social Security Board in Washington, was divided into two parts, one dealing with agents and one with solicitors, as independent contractors. That was filed Dec. 3, 1935. In view of the ruling quoted, there has seemed no reason for further concern, except to bring the agency-solicitor relationship within the purview of that ruling."

Ohio licenses have been applied for by the Fidelity Health & Accident, Electric Mutual Liability, Boston, Milbank Surety and American General of Houston.

## Publish McLarry's Argument

Dallas Board Prints Rebuttal of Statements of Mutuals Seeking Dallas County Line

The Dallas Insurance Agents Association has published in pamphlet form the address delivered recently by R. H. McLarry to the commissioners court of the county of Dallas in behalf of a stock insurance program.

Mr. McLarry at that time undertook to refute the arguments of George M. Ware of Dallas who appeared before the court representing Indiana Lumbermen's Mutual and Equity Fire of Kansas City. Mr. Ware solicited lines now carried by the county in stock companies.

### Present Cover \$368,000

At present the county carries \$368,000 insurance with 19 stock companies, the business being handled by a board representing members of the Dallas Exchange and the commissions are equitably divided.

Mr. McLarry said 8,648 persons in Dallas are dependent upon stock insurance and the total funds paid out in Dallas per year by stock companies, exclusive of loss payments, are \$8,469,563.

In answer to Mr. Ware's argument that policies of Indiana Lumbermen's Mutual are non-assessable, Mr. McLarry asserted that a policyholder in a mutual is sacrificing security in purchasing such insurance, because the assessment feature was devised to take the place of the capital investment of stock companies.

In answer to Mr. Ware's statement that the mutuals "carry the bulk of all business corporations risks," Mr. McLarry observed that in 1936 stock companies wrote in Texas \$20,288,437 in fire premiums and mutuals wrote \$1,874,831. The fire writings of Indiana Lumbermen's Mutual in Texas for 1936 were \$70,925.

In answer to Mr. Ware that the largest insurance carriers in the world are mutuals, Mr. McLarry declared that the advocate of mutual insurance was undoubtedly referring to life companies.

Mr. Ware made much of the fact that Globe & Rutgers had been rehabilitated. Mr. McLarry gave a detailed explanation of that situation and declared that not an agent or policyholder suffered one cent of financial loss.

Mr. Ware also waved the flag a bit, pointing to the fact that two English companies were interested in the Dallas county business. Mr. McLarry pointed out that English companies are important factors in the business life of this country. "If we are to preclude these English companies from operating in competition with American companies we should also prohibit all imports," he said. "We believe such operations that of good business principle and can see no objection to foreign organizations operating in this country if we are to operate in theirs."

Mr. Ware emphasized the fact that Indiana Lumbermen's Mutual has a qualifying bond for the protection of Texas policyholders. Mr. McLarry contended that this is rather an inconsequential matter. Mr. McLarry concluded with an analysis of the financial structure of the competing groups, applying the Dauwalter formula.

### Buetring Starts Claim Service

NEW YORK—Paul Buetring, for the past six years automobile claim supervisor of the London Assurance group, will sever the connection Jan. 1 to form a claim service bureau for companies with offices at Teaneck, N. J. He was formerly assistant manager of the claim department of S. J. Newman, Inc., and has been active in the insurance field for nearly 20 years. His first connection was with C. A. Orr, marine manager, and later he was with the General Exchange in its Newark and Detroit offices. His successor with the London Assurance has not yet been named.

## Loss of \$400,000 to Hybrid Seed Corn in Iowa City; Stock and Mutuals Involved

Preliminary estimates are that loss amounting to at least \$400,000 was caused in a fire destroying hybrid seed corn of the Hybrid Corn Company in Iowa City. Both stock and mutual companies are interested.

Considerable attention has been given to the hazards of hybrid seed corn lately. THE NATIONAL UNDERWRITER in its Nov. 25 edition had an article on the subject referring to the peculiar hazards in the drying process, to the huge concentrations of value with this corn selling at from \$8 to \$11 per bushel, to the fact that salvage may be negligible, and to the possibility of moral hazard. There had been losses recently to hybrid seed corn in Galva, Ill., and Champaign, Ill.

The Iowa City property was a stock company risk for nearly 40 years, until this summer when the Hybrid Corn Company bought the plant. The insurance was immediately placed in farmer co-operatives, and mutuals.

There were only three stock companies on the building risk: L. & L. & G., \$1,788; Orient, \$1,778 and U. S. Fire, \$1,778.

### Western Mutual Interested

These policies would have expired in January, 1938.

The Western Mutual had \$14,500 on the building.

The Georgia Home has \$100,000 on contents, and different mutuals have \$250,000 on contents. S. T. Morrison & Co. was the only office in Iowa City that had any insurance. R. A. Russell of Animosa, Ia., attended to all their insurance.

The fire occurred Dec. 12 at 3:30 p. m. from over-heated stove on the second floor.

Apparently the new owners were loaded down with insurance. Most of the loss was on hybrid corn of possibly 35,000 bushels, worth approximately \$8 per bushel. There is no salvage. The plant was situated on the extreme limit of the city and the water pressure was not very good. When the Hybrid people bought the plant last year they did not reinstall the old discontinued sprinkler system. The Hybrid people paid approximately \$7,000 for the old \$75,000 plant from local bank receiverships in June, 1937, and spent around \$5,000 for repairs.

## McConnell, U. S. Manager of Century, to Retire March 1

(CONTINUED FROM PAGE 4)

its managers. Previously he had been connected with the Royal at New York, and later with the Rhode Island at Providence. His forte has been accountancy and financial though he has a good general knowledge of underwriting practice, to which he will devote more intensive study henceforward.

Mr. Iverson is well known in fire circles both east and west, having been connected with the business for a number of years. Mr. Gwyn served for a time in the London head office of the Century, previously having been with the Sun in London. He has been at its general headquarters here several months.

These changes, announced by Henry J. Tapscott, general manager, were decided upon in conference with Fire Manager H. S. Daniel, both of whom have been in this city for some days. They sailed for home Wednesday.

### Walker, Noonan Form Team

R. B. Walker and Guy Noonan, formerly with K. M. Walker & Co., announce the opening of offices on Jan. 3, doing business as R. B. Walker, marine surveyor, Lloyd's agent, Guy Noonan, assistant surveyor, at 327 South La Salle street, Chicago.

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David Levene  
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(Continued next page)

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**Open with Accident**—Sell your prospect an accident policy to get acquainted and pave the way to other sales. For sales suggestions read *The Accident & Health Review*, A-1946 Insurance Exchange, Chicago. Sample copy 10 cents.

**YOU CAN INCREASE YOUR INCOME** in 1938 by stressing liability coverages. Profit making suggestions are published every month in *The Casualty Insurer*. \$1.50 a year. 175 West Jackson Blvd., Chicago.

Practical, workable principles for building a local agency—read *"The Autobiography of a Successful Insurance Agency."* Price \$2. The National Underwriter.

## R. Bryson Jones Tells of Conception of Personal Property Floater

KANSAS CITY—The present popularity of the personal property floater reminds insurance men here that a Kansas City agent, R. Bryson Jones, is credited with being responsible for getting the policy introduced in what is substantially its present form.

Mr. Jones, who is associated with R. B. Jones & Sons and with Kansas City F. & M., recalls that in 1923, "before leaving for a trip around the world, I gave thought to insurance under the personal effects form of the luggage and other values of my family.

### Issued Variety of Covers

"At that time our agency was issuing about six different forms of personal effects or tourist floater insurance. I never had been satisfied with the limitation of any of these forms and decided to draw up coverage for my own protection and to ask one of our companies to write it, even though it might cost several times more in premium than the protection for tourists under other forms.

"After drawing up a form I thought met all the requirements and which contained practically no limitations as to coverage or locality, I visited the head office of St. Paul F. & M. and they authorized the policy under the form that I submitted, but at a considerably higher rate than any other form protecting tourists' values then on the market."

### Lloyds Not Interested

Before reaching London on his way home from his trip, Mr. Jones concluded that the form should be written by insurance companies and should apply to the permanent values in the home of the assured, as well as to the values incident to traveling. "With this in view," said Mr. Jones, "I drafted another form and presented it to one of the large Lloyds brokerage firms in London. The form was not so very different from the household comprehensive form issued by Lloyd's except in the one vital particular that it completely eliminated the coinsurance clause."

Mr. Jones was unable to enlist the approval of any of the Lloyds underwriters. Upon his return home, however, he discussed the coverage with other members of the agency.

### Got Authority from St. Paul

"After considering all the arguments against it that we could imagine, R. L. Stewart of our firm visited the St. Paul F. & M. home office and succeeded in obtaining authorization to write the form—provided the most careful selection should be exercised. Our agency was given exclusive use of the form for the St. Paul F. & M., for Kansas City.

"We believed that all the various hazards incident to the ownership, maintenance and use of personal property values should be, as nearly as possible, issued under one cover."

For the companies and agents, the form curtails duplicate forms and a tremendous amount of underwriting, clerical and accounting work incident to many forms at varying rates and coverages, all looking toward the same purpose.

For the assured it eliminates bewilderment, uncertainties and many other difficulties and annoyances incident to a number of policies of various expiration dates, unequal premiums, etc., in affording protection for his values.

"Our grandchildren," Mr. Jones states, "will see further improvements in the manner of affording insurance protection, and even see a policy for a building that will insure it against every known hazard, including depreciation. They will also see, I think, a policy for the householder, insuring in one item his residence and its contents and all other personal properties of the assured against all risks, regardless of location. The personal property floater as now

written has demonstrated the entire feasibility of the ultimate result of this trend in insurance."

## National Board 25-year Lunch

NEW YORK—P. B. Sommers, president National Board, and past President F. W. Koeckert were guests of the Twenty-five Year Club of the organization at its annual luncheon. The family gathering was presided over by General Manager W. E. Mallalieu. The club, composed of employees of the National Board who have been at least a quarter-century in its service, now embraces the following members, in addition to General Manager Mallalieu, who has 37 years to his credit; G. W. Booth, chief engineer; A. C. Hutson and H. E. Newell, assistant chief engineers; Maj. J. G. Howland and R. C. Dennett, engineers, all of the headquarters staff; Charles Lum, assistant general manager in charge of the Pacific Coast; R. E. Andrews of the same branch and Clarence Goldsmith, engineer of the Chicago department.

## Fire Involves 15 Companies

A severe loss was sustained by Ball Brothers of Muncie, Ind., in a fire which resulted in destruction of the Amhempco Corporation's main plant and surrounding properties at Tilton, Ill., an operating company. Ball Brothers carried \$100,900 insurance on buildings and mills with \$15,000 on the main building and \$12,500 on machinery and equipment. The Amhempco Corporation which manufactured hemp products carried \$47,500. The Ball Brothers' insurance is carried by 15 companies; Alliance, \$7,000; Atlas, \$5,000; American Alliance, \$7,000; American of N. J., \$8,000; Employers Fire, \$7,000; First American, \$8,000; Franklin, \$10,000; National Security Fire, \$5,000; Northern Assurance, \$5,000; North River, \$7,000; Palatine, \$9,000; Reliance, \$6,500; Sun Insurance Office, \$4,400; Transcontinental, \$5,000, and World Fire & Marine, \$7,000. The Amhempco loss involved Alliance, \$5,000; American of N. J., \$4,500; American Alliance, \$4,500; Employers Fire, \$4,500; Franklin, \$5,500; North River, \$4,000; Reliance, \$5,000; Palatine, \$5,500; Sun Insurance Office, \$4,500, and World F. & M., \$4,500.

Many Illinois farmers were reported to be creditors of the firm that was organized to utilize hemp which agrarians were encouraged to grow as a commercial crop.

## Hurt & Quin Gets Star

ATLANTA—The Hurt & Quin general agency is taking the representation of the Star, which heretofore has been under the supervision of R. C. Reid.

## Would Have \$1 Policy Tax

ATLANTA—Representative McNall has introduced a bill in the Georgia legislature to impose a tax of \$1 on fire and casualty policies.

## Hartford Fire Dividend, Bonus

In addition to voting the regular quarterly dividend of 50 cents a share, Hartford Fire directors agreed to pay a bonus to all home office employees, the extent to be determined by the officers.

## Tilley President for Life

Sir George Tilley, chairman of the board of the Pearl Assurance, has been appointed president of the company for life. He will retain the chairmanship as well.

## N. Y. Bureaus Are Merged

Superintendent Pink announced the merging in the New York department of the title and mortgage bureau and the real estate bureau into a new real estate and mortgage bureau. The new bureau will be under the direction of E. E. Thorpe, head of the real estate bureau, and Isaac Siegel, principal examiner of title and mortgage companies, will be his assistant.

# ANSWERS

**Question**—The question recently came up of how various businesses would be valued in case of sale of the business or in case of death. The conversation shifted to the nature of income tax on such a sale. One person stated that whatever the price the sale of the business brought would be considered income for the year in which the sale was made instead of being a sale of capital assets. This is a very unfair practice of the federal income tax department and as insurance and real estate agencies often change hands, it seems to me that these businesses should get together and require a different attitude and interpretation by the income tax department. My understanding is that this is simply a ruling of the department and that there are no final court decisions on the point.

The theory on which they act is that the amount the agent receives for the sale of his business is simply an accumulation of income during the past years and, therefore, is not a capital gain. It seems to me that this is entirely erroneous, that the renewal premiums, trade name, reputation, maps, etc., all form the capital of the business and are usually the results of working long hours for the promotion of the business instead of working during these extra hours for some other person and taking the remuneration received therefrom to put in extra capital. This ruling, of course, hits the small professional man who has worked up his own business during his entire business life. If he wishes to sell his business and retire, the income tax would often prevent him from getting a sum sufficient to justify him retiring so that he is compelled to stay in business the rest of his life. When he dies his business is sold at a practically forced sale so that his family is left with very little.

I would be interested to know if this matter has ever been considered by any of the insurance fraternity. If not, it seems to me that it should be actively taken up and a campaign started to amend the practice of the internal revenue department.

**Answer**—Regarding the tax situation on the sale of an agency, we do not know that the question was ever raised before. However, there are some considerations from the agency standpoint that seem to be in favor of the reported government plan of treating the price on the sale of an agency as income. How often are agencies sold? Our impression is that they pass by death far oftener than by sale. If the value is to be regarded as a capital asset, then it would be subject to inheritance tax and estate tax. It would also seem to be subjected to assessment as personal property. Even agitation of the subject might start the local tax authorities on a campaign that might be very troublesome to the local agents. It is hardly feasible to have the value of an agency treated as a capital asset for one purpose, and not for all purposes. In other words, the tax burden on all the agents, annually, through local assessments on the value of the agency, might be far more costly than the income tax on the occasional sale of an agency.

\* \* \*

**Question**—At the time of writing a farm livestock policy there are two horses insured for \$100, limit of \$50 each. Later the assured buys another horse which is worth approximately \$50. Later on, if a loss occurs to one of the animals, how is the claim settled? Does the assured receive \$50 for the animal or does he receive one-third of \$100, there being a total insurance of \$100 and three animals insured?

**Answer**—In the absence of a special provision to the effect that claims are to be paid pro rata, the usual company practice would be to pay \$50 unless this amount would be in excess of the actual market value of the horse. Ordinarily,

the underwriting requirement is that the total insurance carried on the livestock must be 75 percent of the limit on each animal times the total number of animals in the group. The reason for not insisting on 100 percent coverage being carried is that the 75 percent figure allows for the presence of a certain proportion of younger and hence less valuable animals. It is merely an average figure, but it takes care of most cases.

If, upon claim being made, it should be discovered that an assured who had taken coverage upon 10 horses in reality owned 25 or 30, there would probably be some effort on the part of the adjuster to pro rate the liability. However, in the case of one horse being added to even so small a number as two, it is doubtful that any contest would be made, although strictly the situation

would be contrary to the terms of the application.

### Haldiman Elected President of Arizona Agents

Verland M. Haldiman, Phoenix, was elected president of the Arizona Association of Insurance Agents at the annual convention in Phoenix. Spencer Kimball, Safford, is vice-president, and James C. Miller, Phoenix, secretary.

The retiring officers are H. R. Talmadge, Tucson, president; R. C. Simis, Phoenix, vice-president, and C. K. Jones, Tucson, secretary.

Approximately 75 attended.

Among the speakers were William H. Menn, Los Angeles, chairman executive committee National Association of Insurance Agents; T. W. Michels, southern California manager for Maryland Casualty; C. W. Bond, who discussed the agents' qualification law; Frank Duffy, Phoenix attorney, who spoke on compensation insurance; Connor Johnson, whose topic was reciprocal auto exchange insurance, and Mr. Haldiman, who discussed liability insurance.

The social highlight was a banquet attended by more than 100.

### Large Turnout at Meeting of Indiana Field Group

INDIANAPOLIS—At a special meeting of the Indiana Fire Underwriters Association held Monday nearly 90 percent of the membership was present, proving that the new plan of having less frequent meetings which is being tried this year is successful in arousing interest. The September meeting was likewise well attended. President G. L. Heinz favors the open form of discussion and many interesting points were discussed. Balances in Indiana are in their usual good state and field men have been on their toes for some weeks past to close the year at par.

J. A. Bawden, associate state agent Springfield, presented a memorial for late John W. Noble, Security of New Haven, a past president of the association. G. W. Keck, special agent Royal-Liverpool groups, transferred from the New York office to Indiana, Nov. 1, was elected to membership.

The next quarterly meeting will be held about the middle of January. Among those present from outside the state were E. T. Tanner, executive assistant of the western department of the Security of New Haven and J. J. Hubbell, Michigan state agent of the Security.

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## Comprehensive Stamp Form Is Popular with Collectors

NEW YORK—In recent years one of the most popular hobbies that has sprung up and taken hold in this country is that of stamp collecting. Enthusiasts range from school children to the President of the United States and there are few albums that do not have an insurable value. As a rule, a blanket policy is issued which pays up to \$100 on any stamp not individually listed, not exceeding 50 percent of the list price of that stamp. Stamps above that value are listed and individually insured for 100 percent of their value. When the Hind collection was put up for sale in London not long ago, it was discovered that one stamp, an early British Guiana issue of one-cent denomination was insured for \$48,800. This, however, is a most unusual amount to be placed on one item. There are some collections in this country which are insured for \$500,000 but they are not many. Accounts of from \$200,000 to \$300,000 are not unusual and there are innumerable ones around \$100,000. The average policy is for about \$15,000 or \$20,000.

#### Business Is Desirable

While the premium income is comparatively small it is a highly desirable business. Underwriters have had fine experience with it thus far although they do not feel that it has been in existence long enough for the past record to be a criterion.

Agents will find their clients are mostly private collectors as dealers

cover their stock with the regular fire and theft policy. Professional and business men are quick to see the advantage of insurance coverage on their collections as there are many accidents that may befall them. Aside from fire or theft, there may be water damage caused by pipes bursting or accidental destruction by the family pet and this all risks comprehensive policy covers a multitude of misfortunes. It excludes damage from fading, creasing, tearing and general deterioration, the result of infidelity on the part of persons to whom the property may be entrusted, the loss arising from war or invasion and the mysterious disappearance of stamps not individually listed. There is a small additional premium if the stamps are transported in an airplane.

#### How Rates Are Figured

The base rate is the usual annual tariff fire contents rate applying to the highest rated premises where the collection is ordinarily lodged and a credit of 10 percent is allowed if it is kept in a fire proof safe with a combination lock. These rates apply for the United States, Canada and Hawaii, there being an added endorsement if the stamps are taken elsewhere. The philatelic exhibition in Brussels last summer brought in additional premiums as many Americans exhibited their collections there. Special rates are made for exhibitions held under the auspices of stamp clubs and societies.

## CONTINGENT USE AND OCCUPANCY

The Phoenix of Hartford house organ answers the question, "What is contingent use and occupancy insurance?" as follows:

Contingent U. & O. insurance covers the interruption of the insured's business at his plant caused by fire occurring elsewhere.

There are two major types of contingent U. & O. insurance briefly described as follows:

1. Covering U. & O. loss resulting from damage to or destruction of other plants furnishing materials or parts when such other plants are not owned or operated by the insured.

2. Covering U. & O. loss resulting from damage to or destruction of a separately owned and operated plant to which the product of the insured's plant is sold.

The first named type is in far greater demand than the second, and this discussion will deal mostly with the first type.

Contingent U. & O. insurance must be written under a separate policy and cannot be included in the direct U. & O. policy covering the insured's plant.

When written to cover against loss caused by interruption of a source of materials or parts, it is preferable to name each plant supplying such parts. However, the policy may be written to cover U. & O. loss caused by fire at any plant from which the insured receives supplies without specifying the plants, but at a higher rate.

There are no standard forms for contingent use and occupancy insurance.

Obviously, we should use the form which best fits the insured's earnings curve. In other words, if the direct U. & O. on the insured's plant is written under the per diem or weekly or contribution form the same type of form should be used for the contingent U. & O.

The amount of insurance carried is the same for contingent U. & O. as for direct U. & O. It is the U. & O. value of the insured's plant that we are insuring. If there is no interruption of business at the insured's plant when one of the con-

tributing plants is destroyed, there is no loss under the policy.

### Work of Ernest Palmer, Jr.

It is interesting to know that Ernest Palmer, Jr., who graduated from Amherst and then spent several months at the Illinois department where his father is state insurance director, compiled the index for the new Illinois insurance code, it being a very fine piece of work. Palmer, Jr., is now a law student at Leland Stanford University, he expecting to practice law somewhere in California as soon as he completes his course and is admitted to the bar. He is a young man of superior ability.

### Fire Losses Increased in November by 5 Percent

NEW YORK—The fire losses for November, the National Board reports, totaled \$23,849,673, an increase of 13 percent over those of the previous month, and greater by 5 percent than the aggregate for November last year. The addition of the latest figures makes the losses for the first 11 months of 1937 \$254,548,142.

	1935	1936	1937
Jan.	\$ 23,430,504	\$ 27,729,930	\$ 25,069,895
Feb.	25,081,625	30,909,896	28,654,962
March	24,942,703	29,177,406	29,319,029
April	23,267,929	25,786,835	26,663,354
May	21,238,205	21,479,380	21,437,739
June	18,499,675	20,407,485	19,524,765
July	19,293,619	22,357,020	19,812,485
Aug.	18,137,060	21,714,495	19,767,314
Sept.	16,541,882	20,413,537	19,349,756
Oct.	19,785,871	20,439,136	21,097,670
Nov.	20,871,584	22,808,497	23,849,673

Tot. \$231,190,657 \$263,223,617 \$254,548,142

### North America Pays Extra

PHILADELPHIA—The North America has declared an extra dividend of 50 cents together with its regular semi-annual dividend of \$1, both payable Jan. 15 to stock of record Dec. 31.



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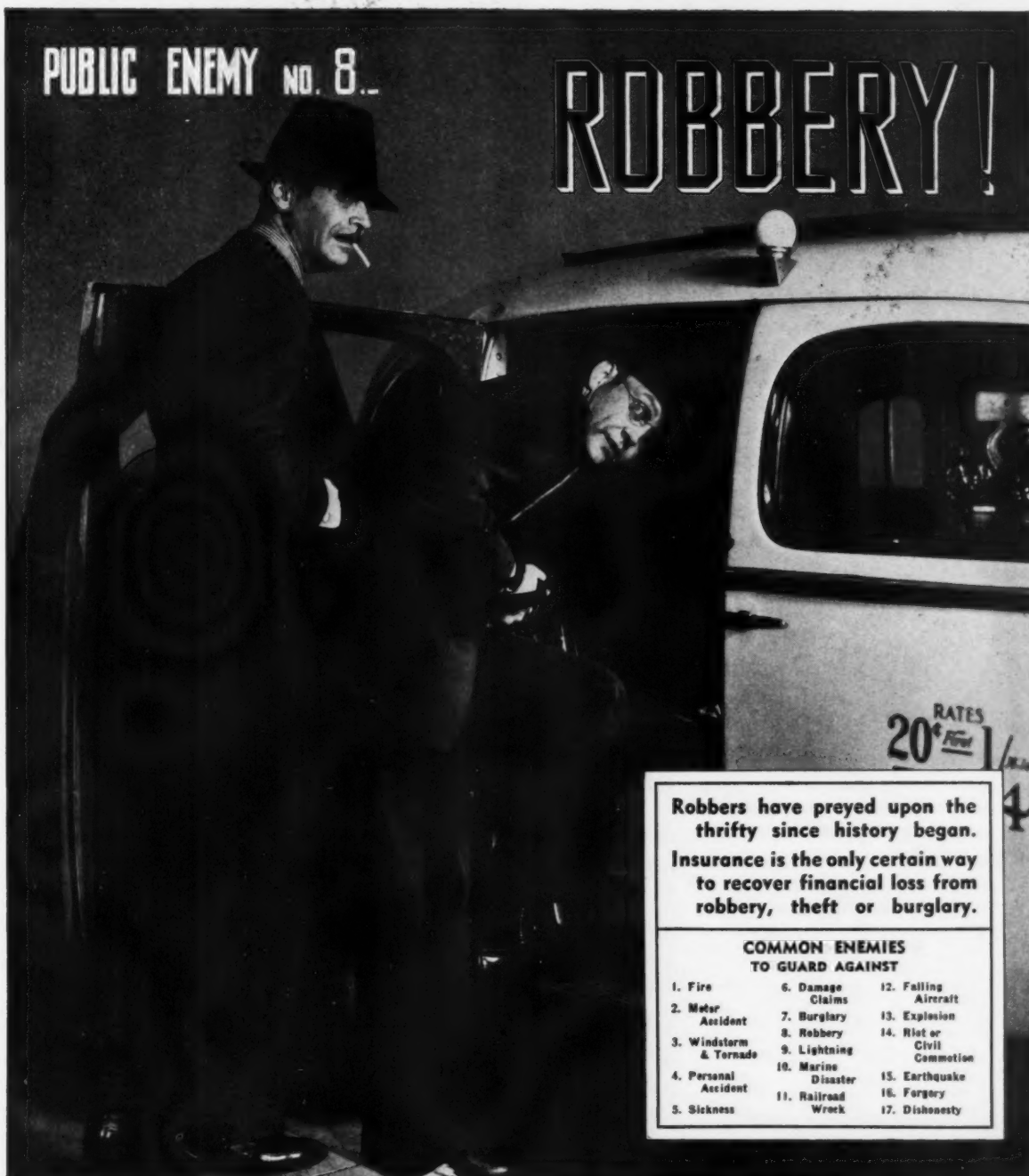
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| 2. Motor Accident      | 7. Burglary         | 13. Explosion               |
| 3. Windstorm & Tornado | 8. Robbery          | 14. Riot or Civil Commotion |
| 4. Personal Accident   | 9. Lightning        | 15. Earthquake              |
| 5. Sickness            | 10. Marine Disaster | 16. Forgery                 |
|                        | 11. Railroad Wreck  | 17. Dishonesty              |

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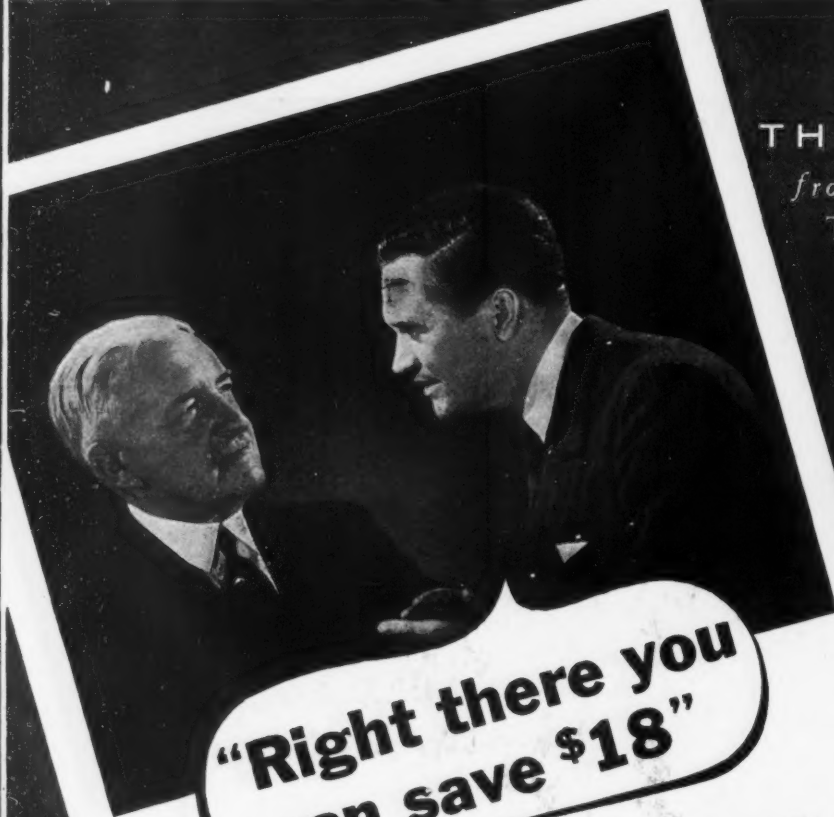
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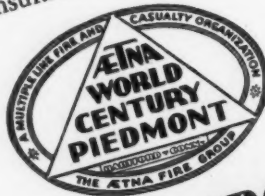
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